



National Council for Construction, Zambia



DEVELOPMENT OF CONTRACTOR REGISTRATION SCHEME WITH A FOCUS ON SMALL SCALE CIVIL WORK CONTRACTORS

Final Report
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ABBREVIATIONS & ACRONYMS

ABCEC	Association of Building & Civil Engineering Contractors
ASIST	Advisory Support, Information Services and Training for labour-based technology (ILO)
COMESA	Common Market for East & Southern Africa
DANIDA	Danish International Development Agency
DISS	Department of Infrastructure Support Services
EPFRP	Eastern Province Feeder Roads Project
EEOA	Economic Expansion in Outlying Areas
EU	European Union
GDP	Gross Domestic Product
GRZ	Government of Republic of Zambia
JIC	Joint Industrial Council
ILO	International Labour Organization
MOFNP	Ministry of Finance & National Development Planning
MOWS	Ministry of Works & Supply
NASSC	National Association of Small Scale Contractors
NCC	National Council for Construction
NCIP	National Construction Industry Policy
NLBRCA	National labour Based Roads Contractor Association
NORAD	Norwegian Agency for Development Co-operation
NRB	National Roads Board
NUBEGW	National Union of Building, Engineering & General Workers
RD	Roads Department
ROADSIP	Road Sector Investment Programme
RTS	Roads Training School
RMI	Road Maintenance Initiative
SADC	Southern Africa Development Community
SHEMP	Small Holder Enterprises & Marketing Programme
SME	Small & Medium Enterprise
TOR	Terms of Reference
UNCDF	United Nations Capital Development Fund
UNDP	United Nations Development Programme
VAT	Value Added Tax
VIS	Village Industry Service
ZAWA	Zambia Wildlife Authority
ZNTB	Zambia National Tender Board
ZRA	Zambia Revenue Authority

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EXECUTIVE SUMMARY

Introduction

Based on the strategic importance of the construction sector in the development of any nation, in particular the road sector, there is need to ensure that there is in place a sustainable contracting capacity to carry out construction works. However, this is not the case in Zambia, as local contractors have a marginal market share.

There is enormous potential in Zambia for job-creation and alleviation of poverty through employment of small contractors and the application of Labour Based Technology. There continues to be a number of programmes and substantial investment in the road sector, which require the necessary capacity to undertake works.

Despite this potential, the absence of a fair and transparent registration scheme has been identified as one of the barriers that inhibits the effective participation and growth of contractors in the Zambian construction industry.

The current situation allows bogus and what is termed 'briefcase contractors' to access opportunities at the detriment of the trained and bona fide contractors. Further, there is no fair and free competition as sometimes works are invited for which all contractors, be it small, medium and large can participate. Limited growth for the local contractors is also attributed to a number of reasons among them being the absence of a registration scheme where they can be regulated and can access development and training initiatives.

In this respect, the National Council for Construction (NCC) of Zambia with assistance from the International Labour Organization (ILO) have embarked on redressing this situation and commissioned a Study for Development of a Registration Scheme with a focus on Small to Medium Scale Civil Works Contractors.

The Study

The Study aims at assisting local small to medium-scale construction companies in the civil works sector to participate effectively in the local construction industry through developing and seeking acceptance for a fair and transparent registration criteria, which if in place would provide an opportunity for contractors to access jobs in a fair and transparent manner, facilitate growth, provide a regulatory and development framework and enhance performance. The Registration Scheme also aims to support risk management in the tendering process and reduce tendering costs to both clients and contractors. Although the Study focuses on Civil Works Contractors, it is perceived that the outcome of the

Study would be generic and would set a precedent for application in the Building and other construction- related industries.

The Study commenced in April 2004 and was envisaged to take three months. Upon commencement, there followed an Inception Phase and Desk Study on relevant documents and Reports. Data collection was conducted through both qualitative and quantitative methods to establish background context, current registration procedures, contractor profile and status of the industry. The qualitative methods involved a series of interviews and consultations with stakeholders, while the quantitative method involved questionnaires being distributed to a number of stakeholders. While a lot of effort was put into preparing the questionnaires, the response was below average with only 39% of the 51 recipients responding. However, the Study Team feels that the qualitative analysis was extensive, also covering a number of stakeholders for whom the quantitative survey covered, and forms a good basis for the Report, despite the somewhat poor response in questionnaire form. Also, use was made on extensive data collected on Contractors on a recent Comprehensive Study of the Zambian Construction Industry. Data analysis was then done, incorporating the Design of appropriate Registration Scheme. A Stakeholders Workshop was also held to discuss the preliminary findings of the Study so as to seek acceptance and fair consensus on the findings. Comments from the Workshop have been incorporated.

Background

The Zambian Construction Industry has gone through some turbulent times. A number of Studies have been conducted and recommendations made, but with limited success in implementation, due to absence of an institution to champion and steer the industry. However, reforms are being undertaken under the framework of the National Construction Industry Policy of 1995, including the establishment and transformation of the National Council for Construction into a statutory body, with the responsibility for developing construction capacity, which is indicative of things moving towards a positive direction.

A considerable number of contractors are existent, although participation of the local contractors in the construction industry has been marginal, which is attributed to a myriad of problems including capacity constraints.

Barriers to Effective Participation, Linkages & Other Interventions

The Study established a number of barriers which affect the effective participation of contractors mainly in regards to: Work Opportunities; Payments, Budget Allocation; Competition; Technical Skills, Access to Finance & Credit; Political Interference; Equipment; Procurement; Performance; Registration Procedures; Interpretation of the NCC Act; Choice of Technology and Contractor Development Framework.

The Study outlined linkages as to how the Registration Scheme can address the barriers and how the barriers can affect the Scheme. Appropriate other interventions have been highlighted, but which do not form the subject of this Study, but are essential to the eventual success of the scheme and growth of contractors so as to facilitate a sustainable construction industry.

Review of Practice & Capacity

Registration in Zambia has hereto been carried out by different client institutions so as to facilitate the procurement process. While appreciable efforts have been made in this direction, it has not been co-ordinated adequately between the different agencies and departments as regards guidelines, ceiling amounts, verification and uniformity of approach to registration.

Based on its mandate of Registering Contractors, and the need for establishment of a Registration scheme, NCC through an Ad-hoc Committee has developed Registration Guidelines that were critically analysed in the Study. A review was also made on the Scheme being used for Registration of General to Unlimited Category Contractors in the Roads Department and Provincial Roads Engineers for Small Contractors.

A Review of Registration Practice from other countries was also done with a view of adopting Best Practice.

The National Council for Construction has the mandate to Register, Regulate and Promote Contractors, following enactment of the National Council for Construction Act No. 13 of 2003.

The Legal Framework of the Act was found to be principally adequate to fulfil its functions with only a few recommendations made as regards regulations and inquiries.

Based on the current capacity of NCC, the urgent need for the scheme, and limited resources available, it is appreciated that it is not feasible for NCC to have a full-time Secretariat available immediately to manage the registration process by itself.

The Contractors Associations, namely Association of Building & Civil Engineering Contractors (ABCEC) and National Association of Small Scale Contractors (NASSC) have expressed interest to be part of the Registration Process. It is argued that they know best their members and have a network to facilitate the registration process. Further, it is hoped that this would enhance membership, through compulsory registration. Together with the merits of the argument, however, it is also realised that these associations are interest groups, and there thus needs to be no conflict of interest, fairness and transparency in the

registration process. There are also the facts that since these are voluntary organizations; new contractors can not be compelled to join, while the Associations also do not know the new contractors. ABCEC does not have a provincial network in place. Some of the Associations and Provincial Branches do not also have Secretariats in place at the moment to ensure that there is no delay in processing the applications.

Based on the above, a recommendation has been made for a short and medium term plan to enable achievement of the objective of establishment of a Registration Scheme through collaboration of the Associations with Provincial Technical Committees who do not have vested interests.

Main Features of Proposed Registration Scheme

Based on Review of Current Practice, Review of Other Countries Registration Schemes, Best Practice, and need to address the Barriers earlier identified, a Registration Framework has been proposed. The Registration Frameworks has consolidated on the strengths of the present criteria and addressed areas of weakness if any.

The Registration Criteria has taken into cognisance the need to: provide a fair and transparent slot for participation of contractors to access work opportunities; facilitate growth for all spectrum of contractors; promote small to medium contractors; provide flexibility for emerging contractors; safeguard the public against bogus contractors; provide for a regulated environment and provide a framework for developing contractors.

Short & Medium Term Registration Process

The Report recommends the appointment of a Registration Committee, from within the Council that will oversee the Registration process. It also recommends for the appointment of a Registrar of Contractors, who will be responsible for Registration, Regulation and Promotion of Contractors.

As an interim arrangement with a specific time frame of one year and with clear Memorandum of Understandings (MOU's), Guidelines and Codes of Practice, the Registrar will use the network of the Associations, together with nominated Provincial Technical Committees to vet the applications, with a medium – term plan of NCC establishing a well-staffed Secretariat to manage the registration function.

In the interim, the applications will be channelled to the Associations, who will do the preliminary vetting and inspections in conjunction with an independent Technical Committee, where applicable. The recommendations will then be forwarded to the Registrar, who will then recommend for Registration as deemed appropriate to the Registration Committee, based on the requisite qualifications and capacity.

Upon expiry of the interim period and NCC establishing a full time Secretariat, then the applications will be channelled to NCC and the Secretariat will oversee the preliminary vetting, inspection, data verification process and eventual registration.

Categories

The Study has proposed a broad categorization for the various construction industry related disciplines namely Buildings, Civil, Roads, Electrical, Mechanical & Mining. However, based upon the limitation of the study to focus on the civil works, and particularly the road sector, the subsequent Report focuses on General Roads & Earthworks Category.

Primarily, the Categorization consists of Main Categories based on Construction Activities according to the different disciplines, and Sub-categories, which allow for Specialization. Efforts have been made in defining the activities and grouping them as related to the different works requirement.

Classification

Classification has been proposed based on limits of works to be tendered, which are based on the perceived capacity of the contractor to execute the works. A six-tier classification has been proposed, with Class 1 being the highest and Class 6 the lowest, and Classes 4 – 6 being reserved for emerging contractors. The limits range from Unlimited tender value for Class 1 Contractors to K 250 million for the smallest Contractor Class 6L, executing labour-based works. Based on the nature of works and so as to facilitate growth, application of class – limits has been differentiated for the Main and Sub-Categories.

The need for consideration for a special category for Labour-based Contractors was identified. In line with this, a classification for Labour – based Contractors has been proposed within the Classes reserved for emerging Contractors, namely Class 4L– 6L.

Protected Categories

There has been a demand from the industry for restricted categories to protect against big contractors down-plunging for works from the small contractors, thus strangling the small contractors growth. In addressing this, the NCC Act stipulates that a contractor shall undertake works within the registered category, thus advocating for protected categories.

However, the Study has identified the need to exercise caution in the strict application of protected categories based upon capacity constraints, both as regards to the clients and contractors perspectives, until such a time as NCC is

sure that the industry has matured to meet the requirements of all the classes. A number of options have been proposed in this respect.

Local & Foreign Contractors

In order to provide for the development of a sustainable contracting industry, the proposed scheme proposes for categorization of foreign and local contractors, to ensure proper channelling of regulatory and promotion efforts. It however needs be noted that the Criteria for Registration is the same for either local or foreign contractor.

Registration Requirements

To facilitate a fair and transparent Registration process, the need has been found to put in place a detailed Registration Criteria. The requirements entail prior registration with the Patents & Company Registration, together with an office set-up. Other principal requirements are qualified technical staff. To enhance professionalism, within the firms, a proposal is being made to introduce the requirement for a Technical Director, who is a shareholder, partner or sole-proprietor with the requisite knowledge in the applicable field. Plant & Equipment was identified as a thorny issue, and the need for basic plant and equipment ownership, was identified as essential for proper operation of the firm. This was based on the current and projected equipment capacity within Zambia and as established by the Study.

Under the recommended scheme, Experience plays a key part in assessing the capacity of contractors, and will be assessed, both as regards to key personnel for a new entrant and the firm, in the event of upgrading. Financial Capacity, which is primary for contractor, is also assessed based upon Average Annual Turn Over, Liquidity and Value of Assets. Safety requirements have also been considered as registration criteria, based on the need to ensure safety of workmen and the general public. .

Procedures

The Registration Framework also provides details on the application and procedures for registration including data verification, inspection of applicants, data evaluation, approval of registration, processing time, determination of appropriate class and other registration procedures. Registration information is then entered into a Register for Contractors, and this information will be made available to the public. Periodically, NCC will have to produce a Directory of Contractors, to enable the general public be informed of the status of contractors.

Validity

Registration will involve regular updating of the status of contractors. The NCC

Act stipulates that Registration will be valid for one year. However, it is being proposed that the validity period of registration be 3 years, following which the registration will automatically expire, and the contractor will be compelled to apply again.

Other Functions

In order to effectively ensure that the Contractors develop a sustainable capacity, there is thus need to further carry out Enforcement and Development Functions.

Sustainability Aspect

The establishment of a Registration Scheme should aim at sustainability, where operation and maintenance of the Register, administration, inspection and registration costs are self-sustained through fees collected in the Registration Process.

Based on its mandate of regulating and promoting the contracting industry, there is even more need for NCC to seek sustainable means of finance through development of a fee structure that would allow it to effectively carry out its registration, regulatory and promotion activities. The Study makes available several options aiming to seek at sustainability. It also highlights on the need to seek other means of funding the first and probably second year of operations.

NCC has committed itself towards availing funds to cover a large portion of the Establishment Budget. There will however arise the need to seek external support to facilitate capacity building and procurement of capital items.

Other issues regarding Commitment, Capacity Building, Client Awareness, Feedback and Evaluation that are crucial to the successful implementation of the scheme have also been highlighted.

Way Forward

Stakeholders in the construction industry have been advocating for the establishment of Registration Scheme for quite some time.

The National Council for Construction has already taken some positive initiatives in this direction, including developing Registration Guidelines, which the Report has discussed.

The Registration Scheme needs to be implemented immediately. An Action and Implementation Plan to facilitate the establishment of the Registration Scheme is proposed, which involves several milestones. The Implementation Plan also proposes a holistic approach for the development of contractors through a three-pronged Registration, Enforcement and Development approach. Short and

Medium-Term measures are highlighted for implementation. This will eventually allow focusing and monitoring of various initiatives, so as to allow for sustainable development.

A Registration Scheme that is fair and transparent will go a long way in realizing the objective of having a sustainable Zambian Construction Industry with the ability to participate competitively and undertake works effectively with continuous growth and performance to meet current and future needs of the contracting industry.”

SECTION I

BACKGROUND & CONTEXT

1.0 INTRODUCTION

Infrastructure development has a major influence on all aspects of life in Zambia. To a large extent economic activity, communication and mobility of the people depend on the country's road network. This is particularly critical for Zambia, being landlocked and an important transit country whose trade linkages with its SADC and COMESA regional neighbours depend largely on having an effective international and internal road network.

Based on the importance of the road network, it is thus of primary essence that Zambia should have in place a sustainable civil works sector contracting capacity to construct and maintain the road network.

A sustainable contracting industry implies having a cadre of contractors with the ability to participate competitively and undertake works effectively with continuous growth and performance to meet current and future needs of the contracting industry. The participation of local contractors, especially the small sector, in the Zambian construction industry is only marginal and requires immediate redress to facilitate the development of a sustainable Zambian construction industry.

There is enormous potential for job-creation and alleviation of poverty through employment of small-scale contractors, particularly in the case of labour-based contractors. A Review of ROADSIP indicates that about 20,000 jobs were created in the sector (over a 5 – year period instead of 10 – year as was originally envisaged). The National Roads Board Annual Report for 2003 indicates that Routine Maintenance helped create 8,400 jobs in the Ministry of Local Government & Housing and 9,700 jobs in the Roads Department, which goes a long way in highlighting potential of labour-based methods in employment creation. There has also been an increased access to contracts by the local construction industry. More than K85 billion has been awarded to local contractors and consultants. About 15,000 man-years of wages have been disbursed (with nearly one third disbursed on labour-based works). Substitution of equipment importation by labour wages has saved the country about 20% of the value of the related contracts, or about US\$ 6 million. This input in the national economy has a down stream impact (multiplier factor of about 2.5).

A number of programmes are to be implemented including the US\$ 50 million Emergency Drought Recovery Programme under ROADSIP II. The total estimated income to ROADSIP II from fuel levy and road-user charges would be US\$158.83 million in the next five years. DANIDA is funding rehabilitation of a number of road projects on the corridor parallel to the Lusaka – Mongu road using labour-based contractors. The European Union will finance a programme for the maintenance of roads

particularly unpaved roads involving Euro 70 million; invariably, part of these funds will be applied on works involving LB – methods. The Roads Department annual budget for the fiscal year 2004 shows allocation of USD 9,500,000 to Labour-based road maintenance under GRZ Poverty Reduction Programme and an amount of USD 3,000,000 towards Performance Contracts funded through the National Roads Board.

Despite this potential, the absence of a fair and transparent Registration Scheme has been identified as one of the barriers towards the effective participation of local contractors in the Zambian Construction Industry. This is not only the outcome of numerous Studies on the Zambia Construction Industry including the Kampsax Study of 1995, Mid-Term Review of ROADSIP of 2000 and the Comprehensive Study of the Construction Industry, but also a view that was widely reflected during the various interviews, consultations and surveys conducted during the Study. Various forums including a Workshop called to evaluate Lessons Learnt from the Eastern Province Project have also reiterated the need for such a scheme. The need for a fair and transparent Registration Scheme that would provide a fair and transparent way for the contractors to access work opportunities, was found to be a primary catalyst for the promotion of the small contractor.

The current situation allows bogus and what is termed ‘briefcase contractors’ including those politically connected to access opportunities at the detriment of the trained and bona fide contractors. In the event of default, there is no enforcement and system to take recourse against the bogus contractors, thus resulting in wastage of public investment. Further, there is no fair and free competition as sometimes works are invited for which all contractors, be it small, medium and large can participate. A review also indicates limited growth for the local contractors owing to a number of reasons among them being the absence of a recognition scheme where they can access development and training initiatives.

The National Council for Construction (NCC) for Zambia which is charged with spearheading development of the Zambian construction industry has embarked on redressing this situation and aims to develop and seek acceptance for a fair and transparent “contractor registration scheme” for small to medium scale contractors in the civil works through a Study.

The Study being facilitated through the technical assistance of the International Labour Organization (ILO), funded through the Government of Norway’s support to Roads Department, is aimed at putting in place a registration scheme that will enable contractors to

participate effectively in the construction industry, stimulate growth and provide a framework for regulation and promotion of the contractors.

It is thus envisaged that the proposed Registration Scheme, besides allowing a fair and transparent way for contractors to access work opportunities would also allow for growth of contractors by recognizing contractors, enhance performance and safeguard public safety and investment by having an enforcement system in place to ensure compliance to safety and professional code of ethics. The Registration Scheme, if well managed would also support risk management in the tendering process; reduce the risk of administrative burden associated with the award of contracts and reduce tendering costs to both clients and contractors. Further the registration scheme would enable development initiatives to be channelled effectively to the contractors and thus enhance performance and participation in the construction industry.

This Final Report has been prepared following the commencement of Study in April 2004 and follows comments made on a Draft Report, which was discussed by Stakeholders in a Workshop held in Lusaka in July 2004 and a subsequent Final Draft Report. This Final Report is divided into Section I outlining the Background & Context and Section II, which focus on the Proposed Registration Scheme. Section I provides: the Introduction; Study Objective & Methodology; Background of the Construction Industry; Barriers & Interventions; and Review of Practice & Capacity for Contractor Registration. Section II dwells on the Proposed Registration Scheme and covers Main Features of the Proposed Registration Scheme; Registration Requirements; Procedures; Other Regulatory & Promotion Functions; Sustainability of the Scheme and Way Forward.

2.0 STUDY OBJECTIVE & METHODOLOGY

2.1 Study Objective

The Study aims at assisting local small to medium scale construction companies in the civil works sector to fully participate in the local construction industry through developing and seeking acceptance for a fair and transparent registration criteria, which if in place would provide an opportunity for contractors to access opportunities in a fair and transparent manner. The Registration Scheme also aims to support risk management in the tendering process and reduce tendering costs to both clients and contractors.

This Report thus presents a fair and transparent “contractor registration scheme” for Zambia with criteria developed for the whole spectrum of contractors in the civil works sector, and particularly in the roads sub-sector. Although the Study focuses on Civil Works Contractors, it is perceived that the outcome of the Study would be generic and would set a precedent for application in the Building and other construction- related industries.

This Report has also outlined how the scheme can be realistically operationalized and managed. In order to ensure acceptance, the Proposed Scheme has been discussed and accepted by stakeholders.

2.2 Duration and Work Plan

The Study commenced in April 2004 and was to be carried out over a period of 3 months.

A Work Plan was drawn, to ensure achievement of the Study objectives as shown in Appendix IX.

2.3 The Team and their Roles

Team Members and their roles are as shown in Appendix XIV. In addition, the Team made use of extended resources at the Contractors Registration Board – Tanzania to ensure achievement of the Study Goals.

2.4 Strategy for Implementation

The following approach was adopted in carrying out the assignment:

- (a) **Inception Phase** - The inception phase involved the Team Members meeting with the client and agreeing on methodology, work plan, meeting schedule, reference material, tools for data collection (e.g.

questionnaires), and all aspects of the Terms of Reference, which were outlined in an Inception Report presented to the Client. Terms of Reference & Programme are presented as Appendix VIII & IX respectively.

- (b) Desk Study** – Thereafter, a literature review and desk study was made from relevant documents and reports to study the Zambian contracting industry so as to review and evaluate findings and recommendations from past consultancy studies in the industry with relevance to this study.

A list of documents and reports reviewed is shown as Appendix X.

- (c) Data Collection, Consultations** – Data Collection, Consultations and Interviews were then carried out with key stakeholders as shown in Appendix XII to establish among others:

- ❑ Background/context - to identify opportunities, barriers and constraints for small and medium scale contractors relevant to the design of the registration scheme and the growth, development and participation of small-scale contractors in the Zambian construction market, and suggest how to address these.
- ❑ Current registration procedures/practice for the construction industry in Zambia.
- ❑ Contractor Profiles: Plant and equipment, Technical staff (including training), Workshop facilities, Previous work experience, Financial status and current classification status
- ❑ State of the Construction Industry as related to Access to Plant/Equipment, Financial Resources, Technical Skills.

Data Collection was carried out through both quantitative and qualitative surveys.

The quantitative surveys involved the preparation and distribution of questionnaires to various stakeholders including: Regulatory Institutions; Client Institutions/ Developers; Civil Contractors; Professional & Trade Associations; Construction Equipment Suppliers & Training Institutions as shown in Appendix XI. Emphasis was laid during design of the questionnaires in making them user-friendly, but aimed at capturing the requisite data so as not to discourage respondents filling them.

Based on the limited time for execution of the Study, a representative sample was chosen.

A total of 51 questionnaires were circulated to the various stakeholders as shown in Appendix XII. However, only 20 respondents involving 39% of the sample returned the questionnaires. A summary of the Quantitative Analysis is shown as Appendix XIII. Based on the below average

response, especially from contractors, use was also made of the extensive data collected on contractors from a recent Comprehensive Study on the Zambia Construction Industry as shown in Appendix VI.

In addition to the quantitative surveys, the Team carried out qualitative surveys involving interviews and consultations with a number of stakeholders. This was also carried out to some stakeholders for whom questionnaires were also issued to capture data, which could not otherwise be obtained immediately from the qualitative surveys. Qualitative Surveys were also used to validate the data from the quantitative surveys.

The team carried out extensive interviews to as much stakeholders as possible, based on the experience on limited response of questionnaires in some previous Studies.

- (d) Data Analysis & Design of Appropriate Registration scheme** – Based on the above, a proposal has been made for a Contractor Registration Scheme for the civil works sector. A categorization framework for the whole industry has been proposed, although the study eventually focuses on the civil works sector and particularly General Roads & Earthworks. This activity was carried out partly in Zambia and partly in Tanzania where the Contractors Registration Board - Tanzania, also provided back-up support.
- (e) Stakeholders Workshop** - In order to ensure acceptance of the Study Findings, the Findings were presented to Stakeholders by way of a Workshop conducted in Lusaka in July 2004. Originally two (2) Workshops were scheduled in Lusaka and Ndola for the Copperbelt Province, but the Ndola Workshop had to be cancelled due to poor turnout. A Workshop Report was prepared and submitted to the Client and the comments incorporated in the present Report.
- (f) Reporting** Reporting requirements were as per agreed schedules, involving Inception Report submitted in April 2004 and the First Draft Report in June 2004. This report forms the Final Report, which incorporates comments from stakeholders made on the First and Final Draft. Also Workshop Documents & Reports were prepared.
- (g) Participatory Approach** - Throughout the assignment, the Consultants have maintained regular dialogue with the National Council for Construction and the International Labour Organization to ensure achievement of the intended objectives of the Study.

3.0 BACKGROUND OF THE CONSTRUCTION INDUSTRY

3.1 General

Zambia has an area of approximately 753,000 square kilometres, allied with a relatively sparse population of about 10.5 million people, giving a density of approximately 9.3 people per square kilometre. Road conditions, therefore, have a major influence on all aspects of life in Zambia, and in particular, have significant telling effects on the poor. To a large extent economic activity, communication and mobility of the people depend on the country's road network.

3.2 Economy

Some 85% of Zambians work the country's relatively infertile soil as subsistence farmers; commercial agriculture is mostly confined to a small number of large farms. The leading crops are corn, sorghum, rice, peanuts, sunflower seeds, tobacco, sugarcane, and cotton. Cattle and other livestock are raised. There is a small fishing industry.

The mining and refining of copper constitutes by far the largest industry in the country and is concentrated in the cities of the Copperbelt. Cobalt, zinc, lead, gold, silver, gemstones, and coal are also mined. Manufactures include food products, beverages, textiles, construction materials, chemicals, and fertilizer. Most of Zambia's energy is supplied by hydroelectric plants, primarily the Kariba Dam and Kafue Gorge.

Copper accounts for over 80% of foreign exchange. The principal imports are machinery, transport equipment, consumer goods, petroleum and petroleum products, and foodstuffs. The leading trade partners are the European Union countries, South Africa, Japan, and the United States. Zambia is a member of the Southern African Development Community.

Recently, so as to counter the effects of fluctuating prices and demand brought about by dependency on minerals, there has been a shift from a mineral based economy to an agricultural based economy.

Despite progress in privatization and budgetary reform, Zambia's economy has a long way to go. Privatization of government-owned copper mines relieved the government from covering mammoth losses generated by the industry and greatly improved the chances for copper mining to return to profitability and spur economic growth. In late 2000, Zambia was determined to be eligible for debt relief under the Heavily Indebted Poor Countries (HIPC) initiative. GDP real growth rate is 3.9%, with the Inflation rate currently at 16.8%.

3.3 State of the Construction Industry

The Zambian Construction Industry has gone through some turbulent times. The industry, which performed well in the 1970's, following the copper boom, went through some hard times and is now slowly picking up. The construction industry has recovered from a low contribution of GDP of 4.5% in 2000 to 8% in 2003. Statistics indicate that employment in the construction sector increased from 140,000 in 2000 to 150,000 in 2001¹.

Today, a decade after liberalization and privatisation, the Zambian construction industry continues to grapple with a number of problems such as inappropriate government policies, late payments, inadequate skills, lack of equipment and so on.

While privatisation and economic liberalization have managed to attract both local and international private investment in infrastructure, most of these projects have been undertaken and executed by foreign construction companies. Even public projects such as road maintenance and construction projects and other projects under ROADSIP have largely been undertaken by foreign construction firms.

The few opportunities given to local contractors have resulted in complaints as regards the quality of finished products resulting from lack of competent staff, lack of plant and equipment, weak financial resources, thus failing to execute works to the required standards.

3.4 Contractors

Available records from the Roads Department, National Roads Board, Association of Building & Civil Engineering Contractors (ABCEC) and National Association of Small Scale Contractors (NASSC) indicate more than 650 Contractors in the Civil Works Sector with more than 72% being Small Contractors as shown in Table 1 below.

Table 1: Number & Distribution of Civil Works Contractors

Contractor		Number	Local	Foreign
Unlimited	Usually foreign firms. Better equipped. Has access to new or serviceable equipment. Normally undertakes Donor funded projects.	35	1	34
Medium	Access to Plant and Equipment and appropriately qualified staff	48	48	
General	Limited access to plant and equipment, and finance	99	99	
Small	Limited access to plant/ equipment and financial resources. Some have well trained staff, while the majority have not received the formal training. Mostly family owned.	475	475	
Total		657		

¹ Statistics on Zambia; <http://www.sadcbankers.org/>

The Study established that the actual number of active contractors is well below 50% of those that appear in Table 1. For instance, the number of active Contractors in the Unlimited Category is about 10 compared to 35 appearing in the Register.

The large established contractors in the Unlimited category, are predominantly foreign, with only one local contractor falling somewhere between the unlimited and medium category. The large established contractors are usually well staffed in terms of professional, technical and administrative staff. They have financial resources. They usually own basic road construction equipment for both unpaved and paved roads, based on the limited and old equipment available for hire. However, they sometimes face problems in acquiring good operators. Works are usually from government and donor agencies, though most prefer donor agencies. Works are in the range of K 5 billion and more, although some execute works in the range K 1 billion to K 5 billion. A few of these firms sub-contract works.

There are a few Zambian firms registered as medium – scale contractors, but who have failed to grow due to lack of job opportunities. Most of these firms own aged plant and equipment and have appropriately qualified staff. Some of these contractors have entered into joint ventures with either locally based or foreign contractors, and have managed to build their technical, financial and plant/ equipment capacity. However, only a few contractors have accessed this opportunity.

3.5 The Case of the Small Contractor

The Small Scale Contractor is typically a sole-proprietorship firm or a family owned business, with a few foremen and casual labour, employed on a need-to-need basis. Equipment and tools owned may comprise a set of hand-tools, control and measurement aids, with probably a small truck/ pick-up, pedestrian roller and tractor for the established small contractor. This contractor mostly executes routine maintenance or at times periodic maintenance works in the road sector. The majority of these are labour-based contractors, some having received formal training with others having not received formal training in labour-based rehabilitation and maintenance techniques.

Labour-based methods were first introduced to the Road Sector in Zambia's Northern Province between 1987 and 1994 through a Pilot Project financed by NORAD. The project performed extremely well with a very good evaluation that it was transferred to the Roads Department Training School in June 1994 for implementation at the national level. Labour – based methods are now well accepted as cost-effective and good

for a poor country like Zambia where accessibility is often the most important factor to consider in programme development.

The Small – Scale Contractors are currently registered with the Provincial Engineers in the road sector, with most of them being members of NASSC and the recently formed NLBRCA.

The role of the Small Scale Contractors in the construction industry is widely recognized by all stakeholders as being an essential one in terms of providing flexibility and ability to work in all parts of the country, entry-opportunities to the industry and employment-creation opportunities.

More than 200 Small Scale Contractors have been trained by the Roads Training School to date, and they are well spread out in the provinces in Zambia. The structured training consists of coursework, mentorship and trial contracts. The Roads Training School has recently introduced courses that deal with on-carriageway maintenance including bitumen technology, pothole patching, resealing etc. using labour based methods. However, some of the trained contractors have not completed all phases of the programme, mainly due to lack of projects. The few projects that have been executed, have demonstrated the effectiveness of labour-based contracting. Most of the clients appreciated the performance of the formally trained contractors in the implementation of works, compared to those who have not received the formal training.

A number of development programmes have aimed at promoting small-contractors, notably labour-based contractors. Small Scale Contractors were also trained under the Eastern Province Feeder Roads Project (EPFRP) which also equipped rehabilitation contractors and the IFAD financed Smallholder Enterprises and Marketing Programme (SHEMP) under the Ministry of Agriculture & Fisheries.

3.6 Contractor Capacity

Zambia experienced reduced levels of activity in the Road sector in the seventies, eighties, and early nineties until the introduction of ROADSIP in 1997.

There was an increase of Contractors following ROADSIP. During ROADSIP I (1997-2002), the number of Small-Scale Labour-based Contractors increased by about 400 thus creating 16,000 jobs. In the same vein, the number of medium to large-scale contractors rose from 8 in 1993 to 20 in 2002.²

² Comprehensive Study on the Zambia Construction Industry, 2004

While the number of contracting firms has risen, it is to be noted that very few firms have achieved real growth (rising from small, medium to large firms) thus not indicating a sustainable industry.

The Contractors are mostly concentrated in Lusaka, followed by the Copperbelt province and then fairly distributed among the remaining seven provinces as shown in Table 2. which is based on data from Comprehensive Study on the Zambia Construction Industry.

Table 2: Distribution of Contractors in Provinces

Province	% Distribution of Contractors
Lusaka	46%
Copperbelt	12%
Eastern	8%
Luapula	5%
Central	9%
Northwestern	4%%
Northern	5%
Western	2%
Southern	9%
Total	100%

Source: Comprehensive Study on the Zambia Construction Industry, 2004

An evaluation made on the capacity of contractors reveals that technical staff ranged between none to 35 for a contractor, with 10% having no technical qualified staff. Management staff ranged from none to 28 per contractor with administrative staff ranging from none to 40 staff for a contractor. Labourers ranged from 1 to 700 for a contractor.

Analysis made on equipment owned by contractors, based on the same data shows the situation depicted in Table 3 below. However, physical verification was not possible to validate the data.

Table 3: Contractor Equipment Capacity

Tipper	Grader	Bulldozer	Pick-up	Loader	Large Roller	Small Roller	Bitumen Distributor	Tractor	Chip Spreader	Water Bowser	Towed Grader	Trailer	Truck
401	236	102	631	120	193	119	20	424	16	146	20	260	510

Source: Comprehensive Study on the Zambia Construction Industry, 2004

A detailed analysis on manpower and equipment based on the different groupings based on turnover is as shown in Table 4 below.

Table 4: Contractor Manpower & Equipment Capacity grouped according to Turnover

Contractor ID	MANPOWER				EQUIPMENT													
	Management	Technical	Administrative	Labour	Tipper	Grader	Bulldozer	Pick-up	Loader	Large Roller	Small Roller	Bitumen Distributor	Tractor	Chip Spreader	Water Bowser	Towed Grader	Trailer	Truck
<K50 million																		
Total	592	711	558	5273	125	67	42	172	40	61	39	6	79	5	48	4	64	128
Average	3	4	3	30	0.63	0.34	0.21	0.87	0.2	0.31	0.19	0.03	0.39	0.03	0.24	0.02	0.32	0.64
K50m - K100m																		
Total	194	199	158	1336	25	19	5	46	8	9	3	0	25	0	3	3	15	29
Average	3	3	2	22	0.32	0.24	0.07	0.61	0.10	0.12	0.04	0.00	0.39	0.00	0.05	0.04	0.20	0.38
K100m - K500m																		
Total	151	25	12	329	2	1	0	6	0	0	0	0	3	0	0	0	2	1
Average	3	3	2	41	0.25	0.13	0.00	0.75	0.00	0.00	0.00	0.00	0.38	0.00	0.00	0.00	0.25	0.13
K500m - K1b																		
Total	40	43	22	214	2	1	0	12	0	3	0	0	3	0	1	0	2	9
Average	3	3	1	14	0.13	0.07	0.00	0.80	0.00	0.20	0.00	0.00	0.20	0.00	0.07	0	0.13	0.6
K1b - K5b																		
Total	28	28	23	498	2	0	0	6	1	2	4	0	6	0	1	0	5	1
Average	3	3	2	45	0.18	0.00	0.00	0.55	0.09	0.18	0.36	0.00	0.55	0.00	0.09	0.00	0.45	0.09
>K5b																		
Total	20	17	13	120	4	2	0	1	1	2	1	0	2	0	1	0	3	0
Average	3	3	2	20	0.50	0.25	0.00	0.13	0.13	0.25	0.13	0.00	0.25	0.00	0.13	0.00	0.38	0.00

Source: Comprehensive Study on the Zambia Construction Industry, 2004

Detailed analysis and data based on the Comprehensive Study is as shown in Appendix VI. However, a discrepancy is noted that the equipment was both owned and hired, which results in duplication in some instances. Also the grouping according to turnover is only indicative as it may be seen that some contractors who have executed works with less turnover have a stronger manpower and equipment base than those with a larger turnover. However the data generally reveals a strong manpower base but weak equipment capacity.

3.7 Construction Industry Development

The development of a vibrant local construction industry is one of the pinnacles of the Government's socio-economic developments goals. This intention has been well articulated in various Government socio-economic policy papers and programmes, but more so in the National Construction Industry Policy (NCIP) of 1995. The NCIP sets out Government's vision for the industry and its aims and objectives, which are aimed primarily at enhancing delivery value for money, growth of the Zambia local construction sector, increased capacity and a source for employment opportunity.

The establishment of the National Council for Construction (NCC), and its subsequent transformation into a statutory body through enactment of Act No. 13 of 2003 are indeed a manifestation of the Government's commitment to developing a sustainable local construction industry. The NCC was established with the key objective of developing the local construction capacity in the country. One of the new responsibilities of NCC is that of registering, upgrading, and downgrading consultants and contractors, in addition to monitoring the industry.

The current road sector reform process and the Road Sector Investment Programme (ROADSIP) are among a number of major developments in the construction sector.

ROADSIP aims at facilitating economic growth and diversification (particularly in the agricultural sector) through appropriate investments in road infrastructure and a sustainable system for the financing and management of the road network. In this respect, ROADSIP among other activities also aims at strengthening the local construction and consulting industry.

A Mid-term Review of ROADSIP which took place in 2000 revealed that achievement of some critical objectives and targets lagged behind, among them the sector strategy and legislation, institutional reform and strengthening, fuel levy remittances, and thereby funding for road maintenance. Under ROADSIP I, it was also noted that very few local contractors had access to contracts. Local contractors were mostly engaged on routine tasks, such as vegetation control, whilst main works went to established contractors, mostly foreign. This was attributed to lack of special skills and difficulties in securing plant and equipment.

The second phase of ROADSIP has proposed substantial capacity building for NCC with the focus being on development of small scale, labour-based contractors.

The Roads Maintenance Initiative (RMI) argues for costs of essential road works, in all but the poorest countries to be maintained between 1 and 1.5% of GDP, which is generally accepted to be a sustainable level of expenditure. In the case of the Zambian economy GDP, at current prices, is about US \$3.4 billion. By this yardstick, Zambia could be considered capable of sustaining an annual expenditure of US \$51 million on road works, principally for routine and periodic maintenance.

Another recent development has seen the creation of the National Road Fund Agency, the Road Development Agency and the Road Transport and Safety Agency. These agencies, which are still in the formative stages, will

replace the present institutions mandated with the administration of roads.

Whereas quite a lot has been achieved in the development of a vibrant local construction industry, a lot still remains to be done, especially in the area of capacity building.

3.8 The Role of Associations

Most disciplines in the construction industry are represented by some form of body. There are in existence three associations representing contractors, namely Association of Building & Civil Engineering Contractors (ABCEC), National Association of Small Scale Contractors (NASSC) and the recently formed National Labour-Based Road Contractors Association (NLBRCA).

The Association of Building & Civil Engineering Contractors (ABCEC) has been in existence for some 30-40 years now. Main task has been coordinating relations with its affiliate body, namely the National Union of Building, Engineering and General Workers (NUBEGW). ABCEC and NUBEGW formed the Joint Industrial Council (JIC) to fight for better conditions of service for its members with Government. However, due to the influx of some foreign companies, offering much lower wages outside the negotiated ones, ABCEC has over the past six years lost considerable number of members, from 120 to 53, mainly as a result of political interference. ABCEC members have had the benefit of the cash accounting system, which has allowed them to pay VAT only when their client has paid their certificates. This is now open to all and hence those that had enjoyed this benefit no longer see the need to retain their membership with ABCEC.

The National Association of Small Scale Contractors (NASSC) was formed in Zambia in 1999. The organization was formed in 1999 by approximately 50 Roads Training School trained contractors to present them with a forum for representation of their interests. There are currently 9 provincial associations, one for each province, affiliated to the National Association. Their objectives include: bringing small contractors together to be able to lobby for an enabling environment; lobbying for training of its members at the Roads Training School (RTS); soliciting for donor support; assisting members not yet specialized in labour-based works and lobbying for accountability to finances and equipment (not yet successful).

Presently, NASSC has some 600 registered contractors at national level. Not all these are active in the industry. The register encompasses civil, electrical and building contractors.

A recent addition to the lobby groups is the National Labour-Based Road Contractors Association (NLBRCA). This Association was formed in May 2004 with the main objective of streamlining, organizing and managing the interests of Labour-Based Contractors. The Association has about 300 members to its credit, most of whom are also members of NASSC.

3.9 Implementation Status of Recommendations from Previous Studies

The Terms of Reference call for the Study to identify the Implementation Status of Recommendations from Previous Studies.

A number of Studies have been conducted so as to promote development of the Zambian Construction industry. Notable among these and of relevance to this Study is the Kampsax Study of 1995, the Equipment & Management Study of 1996, the ROADSIP Mid-Term Review of 2000, and the Ongoing Comprehensive Review of the Construction Industry in Zambia of 2004

All these Studies have recommended a number of interventions aimed at facilitating growth of the construction industry, most of which have not been implemented to date.

It deems fit to mention, those of relevance to this Study with status:

- (a) Establishment of Registration Scheme: *This is currently under implementation by NCC, including the current Study.*
- (b) Implementation of National Construction Industry Policy; *There is still need for clear leadership and monitoring as regards the implementation of the Policy*
- (c) Review of Government Planning & Budgeting; *The National Roads Board Annual Report for 2003 reveals remittances of Fuel Levy amounting to 41% of the total collections. Despite Fuel Levy collections having been in excess of K90 billion, Ministry of Finance and National Planning (MOFNP) only released K39.4 billion. ROADSIP achieved a performance of 33% of Annual Works Plan in 2003, a slight improvement compared to 32% in 2002. This dismal performance is attributed to erratic remittances of fuel levy, parallel funding, long procurement procedures, problems with bonds especially from small contractors, over ambitious targets, Government failing to pay in full outstanding amounts owed to contractors and consultants and capacity constraints.*
- (d) Procurement Reform: *Some of the calls made for procurement reform, mainly in the areas of packaging of works, sub-contracting/ joint venture arrangements, simplification of contract documents, application of domestic preference have been initiated, but are yet to realize their intended effect.*
- (e) Credit Facilities: *There has been no concerted effort to address the credit problem. To this effect the Government should be willing to offer some*

sort of guarantee and also NCC should strive to create a facility through which the contracting industry could access credit facilities.

- (f) Support to Associations: This is the lobby group that should work hand in hand with NCC in promoting the interests of the contractors. However, the associations appear inadequately funded and lack authority. Communication between the various bodies is minimal. More effort needs to be done in promoting the Associations to play their effective role.*
- (g) Application of Labour-based Technology; The application of labour-based technology where applicable technically and economically has had significant success in institutionalisation, as exhibited with the allocation of funds for works to be executed by labour-based contractors. There is however need for more effort in co-ordination of the various labour-based programmes.*

These initiatives, if implemented fully would have assisted in stimulating the industry. However, since different parties initiated the various Studies, there have been fragmented approaches in addressing the issues raised. It is observed that the absence of a body to steer and champion the various initiatives, coupled with lack of commitment in the various agencies and government to take forward these initiatives have led to the present status quo. It is hoped that with the enactment of the NCC Act, NCC will now take up its role of championing the industry in collaboration with the Associations and thus implement the various initiatives.

4.0 BARRIERS TO EFFECTIVE PARTICIPATION, LINKAGES & OTHER INTERVENTIONS

The Study established the need to identify barriers affecting the participation of contractor, and which the Registration Scheme could address. Barriers that would affect implementation of the scheme have also been identified, and where appropriate intervention measures have been highlighted, although it is not the focus of the present Study. The interviews and quantitative surveys have identified several issues which are of concern to the various stakeholders and which are perceived to constitute barriers and constraints.

4.1 Barriers to Effective Participation

4.1.1 *Work Opportunities*

It was identified that works are not “packaged” to promote Small-Scale Contractors. Further, in many cases, open invitations are issued to all contractors registered, even in the cases of minor works that could be executed by small contractors. This does not allow for fair participation, as big, medium and small contractors are pitted together.

The representatives from the National Association of Small Scale Contractors (NASSC) expressed concern over the lack of appropriate work opportunities. There are not enough projects on an ongoing basis to ensure commercial viability for the contractors. This causes problems of under-utilization of plant and equipment, difficulty of retaining good staff. Direct contracts with Government and donors are not forthcoming on a continuous scale and there is a perceived distinctive lack of policies aimed at promoting the engagement of small-scale contractors on larger contracts as Sub-Contractors.

4.1.2 *Payments*

Contractors suffer from erratic cash-flow problems and are often forced to delay or suspend works due to delay in payment or non-payment, with the Government being the main defaulter in this respect. Contractors fail to meet their various obligations and works end up costing much more than budgeted due to claims and interests. Cases have been cited, where the government owes a single contractor, monies amounting to a total of K 250 billion. In the case of the Labour based contractor, delayed payment inevitably leads to strikes, unrest and serious disruptions.

The issue of delay in payments by the Government was identified as a major stumbling block that has impeded contractors’ growth

4.1.3 Budget Allocation

The experience and perception is that Government, often for political reasons, will advertise tenders and even enter into contracts without having adequate budgets in place. A recent example is the tendering of urban road projects in several centers. The consequence again is that payments are either delayed or simply not forthcoming. This frustrates and destabilizes Contractors, especially those who have already committed to mobilization and material supplies. Another related problem concerning budgets, as perceived by the Contractors, is that there appears to be insufficient experience among the Client Institutions or Consultants (e.g. Roads Department or Ministry of Local Government & Housing) when it comes to preparing realistic budgets for works.

4.1.4 Competition

Some foreign Contractors who very often turn out to have insufficient experience and/or capacity tender for projects and are often awarded contracts based on low prices with no relation to actual costs.

In lean times, medium-to-large contractors “**down-plunge**” to secure contracts, which would normally not be of interest to them. Although they can hardly be expected to profit from such works due to their higher fixed costs in relation to the typical Small Scale Contractor, they consider even partial cover of overheads advantageous. This tendency damages the prospects and stagnates growth of the Small Scale Contractors.

So-called “**brief-case**” contractors, often with the “right connections”, but without proper training or commitment to invest in staff and equipment may register as a contractor and bid for works with the intention of hiring both staff and equipment on a need-basis. More often than not, they may not even be committed to finishing the work, having been paid the advance payment and thus tarnish the image of the small contractor.

4.1.5 Technical Skills

Lack of adequately qualified staff to effectively execute works has hampered the performance of small-scale contractors. This affects both those contractors who at the start do not have adequately qualified staff to execute road-works, and also those who have been formally trained, but who have been forced to stretch their staff owing to attrition, where they can not retain their staff or where a few have more than one project ongoing, thus designating non-trained staff in other projects.

The medium-to-large contractors struggle to find skilled staff, especially Operators. Employing these from abroad is not an option, because work-permits for non-management levels are impossible to obtain.

4.1.6 *Access to Finance and Credit*

Small Contractors face problems in accessing credit and finance facilities. Small Scale Contractors are also not capable of providing guarantees or bonds for e.g. Advance payments.

Commercial institutions consider contractors (in general) to be risky clientele, probably exacerbated by the publicly held perception that the Government does not pay on time. The interest rates on the finance or credit facilities that do exist are therefore prohibitive.

Client institutions have sometimes found it difficult, in the context of promoting work opportunities for emerging contractors, to insist on provision of a guarantee against an advance payment, since guarantee facilities may be very expensive and the contractor may not have collateral to secure it.

4.1.7 *Political interference*

Small Scale Contractors cite political interference as a major obstacle to fair and transparent award of work opportunities. Politicians at times have preference for certain contractors irrespective of the competitive factors (prices, capability, experience etc). Political interference was also inferred where many politicians who have connections have established themselves as contractors and thus influence the award-process. Also some politicians have benefited from special tax/ VAT relief thus resulting in unfair competition.

4.1.8 *Equipment*

The Small Scale Contractors often find it difficult to gain access to equipment. The Small Contractor finds leasing and purchasing as not feasible options due to costs and collateral required. Hire of equipment is often also not a reliable option, because the equipment may not be available at time of contract negotiations or the hire-company may demand guarantees or up-front payment, which may be difficult to provide with a tight cash-flow and based on the Small Contractors limited access to finance and credit.

4.1.9 Procurement

Clients often find it difficult verifying the capabilities and background when unknown contractors, even foreign bid for works. Prequalification-information is often difficult to verify, and information supplied may not be comparable to competition. There is also the difficulty in determining what are reasonable requirements with respect to equipment, experience and financial capabilities.

4.1.10 Performance

Ensuring that emerging contractors get work opportunities but at the same time ensuring a reasonable chance of successful completion is sometimes a challenge as some Small Scale Contractors cash the advance payment and abandon site without trace. Again, the award of contracts to emerging contractors who sometimes may not have a physical address leaves the agency vulnerable to fraud. The absence of a system to regulate contractors' performance leaves clients at risk thus deciding to employ those they now best.

4.1.11 Registration Procedures

Among problems cited by the Regulatory Institutions was that there are different methods of registration and regulation that are practiced by different agencies. This means that it is still by and large possible to operate in Zambia as a contractor without being scrutinized for capability and experience. Furthermore there is not a central means of "black-listing" fraudulent contractors.

4.1.12 Interpretation of the NCC Act

Another issue was the perception among the donor community and regulatory institutions regarding interpretation of the aspects of the NCC Act, where Part VI Section 23 of the NCC Act, states

23. (1) *A person shall not award a contract for construction works to a foreign company or foreign firm without the approval of the Council.*
- (2) *Where an award for a contract is referred to the Council for approval and the Council determines that the construction work to be awarded can be undertaken by a Zambian company or Zambian firm the Council shall not endorse its approval and the person shall not award the contract to the foreign company or foreign firm.*

While the donor community was entirely agreeable with the issue of registration of contractors, it expressed its vivid concern on what it perceived to be discriminatory aspects of the NCC Act, particularly Section 23 that was found to enable discrimination against foreign

contractors. This Section was found to be counterproductive for the Zambian construction industry as it would erode free and fair competition and also goes against the spirit of free participation and free trade agreements to which Zambia is a signatory. This situation has led to the donor community not abiding to the NCC Act. Funding agencies have sought exemption from the Act, thus not compelling them to use registered contractors. This is obviously greatly detrimental to the NCC Act and the registration scheme.

Sub-Section 23(2) implies that NCC can intervene in the post-tender award stage and overturn the award of a duly authorized contract, which is found to conflict with the ZNTB mandate. ZNTB was of the opinion that the registration scheme should be developed so as to restrict non-eligible contractors at the pre-tender stage rather than interfering at the post-tender stage which would conflict with the mandate of other regulatory bodies.

4.1.13 Choice of Technology

Of recent, there has been an influx of programmes aimed at tackling poverty alleviation with social objectives such as community participation and food for work programmes, which have employed small – scale contractors. However, for a lot of these programmes, the impact on contractor development is minimal as they are not co-ordinated and thus do not take into account the experiences of past projects, which would have led to more tangible results and multiplier effects.

4.1.14 Contractor Development Framework

The National Construction Industry Policy (NCIP) is a primary initiative for the promotion of the industry. However, there is need for concerted efforts in translating the policy into strategies that would facilitate the promotion of the Zambian contractor. In this respect, there is need for the development of a Contractor Development Framework, that would among other things also steer the promotion of associations.

4.2 Linkage & Interventions

The linkages outlining how the Registration Scheme can address the barriers and can be affected by the barriers have been highlighted in Table 5 below. Appropriate other interventions have been highlighted, some of which do not form the subject of this Study, but are essential to the eventual success of the scheme and growth of contractors so as to facilitate a sustainable construction industry. It need be mentioned that some of the other interventions and recommendations being made are neither new nor exhaustive.

Table 5: Linkages & Other Interventions

Barrier	Linkage to Registration Scheme	Other Interventions
Work Opportunities	<ul style="list-style-type: none"> ❑ Registration Scheme will classify contractors according to capability. Clients can thus package works and invite contractors according to capability to allow for fair competition. 	<ul style="list-style-type: none"> ❑ Packaging of Works ❑ Planning to provide continuity and sufficient opportunities to facilitate growth ❑ Policy and Procurement Reform
Payment	<ul style="list-style-type: none"> ❑ Non-payment will stifle growth of contractors. 	<ul style="list-style-type: none"> ❑ Payment reform ❑ NRFB to directly collect and use funds from fuel levy and other sources.
Budget Allocation	<ul style="list-style-type: none"> ❑ No opportunities will restrict entry of prospective contractors. 	<ul style="list-style-type: none"> ❑ Ensure steady flow of funds. ❑ Clients to provide prior commitment towards adequate funds availability
Competition	<ul style="list-style-type: none"> ❑ Registration Scheme will classify contractors according to capabilities to allow for fair competition. ❑ Clients can properly package works and invite contractors according to capability. ❑ Registration scheme to eliminate bogus contractors. 	<ul style="list-style-type: none"> ❑ Clients to make use of Registration Scheme
Technical Skills	<ul style="list-style-type: none"> ❑ Registration scheme will encourage and ensure contractors employ qualified staff. ❑ Registration Scheme will be used to identify contractors to access training and other development initiatives. 	<ul style="list-style-type: none"> ❑ Training at RTS enhanced, including Labour Based Technology ❑ Training to take account need of the industry, e.g. training of operators. ❑ Enhanced funding of training through GRZ and private sector ❑ Contribution by beneficiaries where possible ❑ Training institutions to include LBT into curriculum
Access to Finance & Credit	<ul style="list-style-type: none"> ❑ Lack of Access to Finance & Access to Credit stifles growth of Contractors. ❑ Registration Scheme will allow recognition, which can be used by NCC and other institutions as a form of guarantee to those seeking access to credit. 	<ul style="list-style-type: none"> ❑ Establishment of Fund to assist Contractors access guarantees, bonds, loans etc. ❑ Government to guarantee Contractors ❑ Facilitate linkages with credit institutions to address financial sophistication. ❑ Training in Finance & Credit Aspects.
Political Interference	<ul style="list-style-type: none"> ❑ Registration Scheme will limit political interference, as bona fide contractors will be registered. 	<ul style="list-style-type: none"> ❑ Associations to play their roles in challenging interference. ❑ Anti-Corruption Pledges ❑ Sensitisation to political stakeholders
Equipment	<ul style="list-style-type: none"> ❑ Availability of equipment is necessary for the growth 	<ul style="list-style-type: none"> ❑ Strengthening of available plant pools

Barrier	Linkage to Registration Scheme	Other Interventions
	<ul style="list-style-type: none"> of contractors. ❑ Registration scheme will encourage contractors to acquire equipment. ❑ Scheme can be used to recognize contractors for access to equipment. 	<ul style="list-style-type: none"> ❑ Replicate Eastern Province Model ❑ Enhanced advance payment package (30%) to be divided into mobilization and documented purchase/ hire of equipment
Procurement	<ul style="list-style-type: none"> ❑ Registration Scheme will assist Clients in assessing & verifying capability of contractors. The scheme is to be considered as a registration criterion, which constitutes minimum requirements and should not absolve client from the need to determine the particular requirements of a contractor, based on the particular scope of works. ❑ The registration criteria will allow for fair competition in the procurement process. 	<ul style="list-style-type: none"> ❑ Slicing & Packaging ❑ Removing competitive disadvantages caused by donor procedures and tied aid. ❑ Establishment & Operating Registration Scheme in a Fair & Transparent manner ❑ Mandatory Sub-Contracting & Joint Venture arrangements ❑ Designate Threshold limits from which GRZ funds can be allocated to local contractors ❑ Decentralization ❑ Promote Bonus Conditions
Performance	<ul style="list-style-type: none"> ❑ The registration scheme will facilitate regulation to ensure of performance of contractors. 	
Registration Procedures	<ul style="list-style-type: none"> ❑ Registration scheme will be structured, containing uniform guidelines and criteria and will be centrally co-ordinated. 	
Interpretation of NCC Act	<ul style="list-style-type: none"> ❑ Acceptance of the Registration Scheme by the Donor Community 	<ul style="list-style-type: none"> ❑ NCC to make concerted efforts to sensitise & lobby with Donor Community Act, on correct interpretation and spirit of the Act.
Choice of Technology	<ul style="list-style-type: none"> ❑ Mainstreaming will encourage and develop Small Contractors necessary for success of the Scheme and sustainability of industry. 	<ul style="list-style-type: none"> ❑ Establishment of National LBT co-ordination body that transcends the various agencies and institutions. ❑ Co-ordination and consolidation of the various initiatives ❑ Training of stakeholders, including consultants
Contractor Development Framework	<ul style="list-style-type: none"> ❑ Contractor Development Framework will promote contractors and thus implementation and success of the scheme. ❑ Registration Scheme will recognize contractors to be covered by Contractor Development Framework. 	<ul style="list-style-type: none"> ❑ Medium and Long Term Contractor Development Plan <ul style="list-style-type: none"> ○ Mentorship arrangements, Clients involvement, inclusion of capacity building aspects in contracts ❑ Promotion of Associations, and training in organizational aspects ❑ Promotion of apex association to unite all associations.

5.0 REVIEW OF PRACTICE & CAPACITY FOR CONTRACTOR REGISTRATION

5.1 Review of Practice

The Terms of Reference requires the Study to recommend for an appropriate Registration Scheme for the civil works sub-sector with a particular focus on Small Scale Contractors. In recommending for the Zambia Registration Scheme, a Review of Practice was done for both Zambia and other countries, involving extensive interviews, consultations with stakeholders, and literature review in order to develop a Scheme that is appropriate and modelled for the Zambian Construction Industry.

5.1.1 Review of Current Practice in Zambia

The registration function is currently being done by different agencies in the Roads and Building Sector, so as to assist in the procurement process. The relevant bodies in the Road sector are the Councils, Provincial Road Engineers, and the Roads Department. Most of the other agencies including the Zambia National Tender Board use the Register maintained by the Roads Department.

There are no strict barriers to entry as a contractor in Zambia. Any adult, with or without construction industry experience or qualification can set up as a contractor. The ease of entry, with the birth of ROADSIP I, has led to some unfortunate experiences with the local contractors.

The Roads Department (RD) currently employs a simple registration procedure with Contractors falling under four categories namely: Unlimited, Medium, General and Small-Scale, based on the work they are able to undertake. Most of the Contractors registered with the Councils and Provincial Engineers are small-scale contractors. Information gathered from the Roads Department, National Roads Board and the Provincial Engineers indicate that there are more than 475 Small – Scale Contractors registered for Civil Works.

Roads Department uses the following criteria for registration and categorization:

- ❑ VAT registration
- ❑ Staff (at least some qualified to Technician's Level)
- ❑ Equipment
- ❑ Financial Standing
- ❑ The contractor should be an “established business”.

A total of 657 Contractors are registered with the Roads Department & Provincial Engineers as shown in Table 6 below:

Table 6: Contractors Registered & Type of Works

Category	Number Registered	Type of Works
Unlimited	35	All Types of Work
Medium	48	All types of Work
General	99	Limited to off pavement maintenance (Vegetation Control, Drainage Clearance), Grading, Re-gravelling and on-carriageway maintenance such as surface dressing work and reconstruction of failed short sections.
Small	475	Limited to off pavement maintenance (vegetation control and drainage clearance).
Total	657	

Source: Roads Department, June 2004

Although the Study was informed that there are set limits of works for the various categories, it was not able to establish the set limits on the values of works.

The Registration is carried out by the Department of Operations in the Roads Department and Provincial Roads Engineer or appointed officer in the Provincial Roads Engineers Offices. Processing of Applications is based on submitted details, where the applicant is assigned to the requisite category with little or no physical verification of details. No fees are paid for registration/ renewal and once the Contractor is entered into the Register, no updating is done to the Register. This has resulted into the Register having Contractors who are not active. Though a few contractors have been blacklisted, there is no criterion for deletion from the Register. Upgrading to the next level is by request from a contractor followed by approval from Roads Department.

5.1.2 NCC Mandate for Registration, Regulation & Promotion

Under Act of Parliament No. 13 of 2003, NCC became a statutory body, with an added responsibility of registration of all contractors in the country.

The National Council of Construction (NCC) was established during the Road Sector Investment Program Phase 1 (ROADSIP 1) with a mandate to build local contracting and consulting capacity, to assist Government in policy formulation, and to remove barriers and regulate the construction industry in Zambia.

Following enactment of the NCC Act, the NCC has been under great need to establish a Register of Contractors. The NCC has currently prepared

Registration Guidelines for the Construction Industry through an Ad-hoc Committee, which is yet to be operational.

While some of the other agencies would like to continue with this role, the agencies have found it difficult to effectively regulate the contractors, while acting as both client and regulator. The absence of a co-ordinated, centralized Register of Contractors has led to fragmentation, double-standards and lack of a fair and transparent way of co-ordinating and regulating contractors in the Zambian construction industry, thus deterring promotion of contractors, more so, the small contractors. It is important for an emerging and vibrant industry, to have an independent body to deal with the Registration of Contractors, which is not a client institution, so as to provide for effective separation of functions.

This is an appropriate and timely intervention that if well managed will provide for a centralized and co-ordinated registration scheme providing a fair and transparent way for contractors to assess opportunities, ensure growth of contractors and provide a framework for the regulation and promotion of contractors and hence safeguard public interest and investment.

5.1.3 *Review of Other Countries Experiences*

A review has been made of other countries registration schemes namely South Africa, Botswana, Tanzania, Egypt and Singapore. Registration in South Africa under the Construction Industry Development Board (CIDB) and in Singapore under the Building & Construction Authority (BCA) is being conducted by institutions similar to the National Council for Construction (NCC) in Zambia, and which oversee the development of the whole construction industry. Registration in Botswana is being carried out through the Procurement & Disposal Board Authority (PDBA) while for the case of Tanzania; the Contractors Registration Board (CRB) established by Act of Parliament is the body solely responsible for registration, regulation and promotion of contractors. Registration in Egypt is being carried out through a Federation of Contractors, which is also established through Act of Parliament. Further details on the different registration schemes are as shown in Appendix XVIII.

Best practices from the above mentioned schemes have been adopted in developing the Zambian Registration Scheme.

5.2 Legal Framework

The National Council for Construction Act No. 13 of 2003 is generally adequately framed to enable NCC carry out the Registration, Regulation and Promotion function.

However in the better carrying out of its registration and regulatory function, NCC will need to frame the subject of this Report into Procedures & Criteria for Registration, which will then be gazetted as Regulations to ensure that it is binding to the Contractors.

In order to effectively carry out the regulatory function, there will arise the need for the Council to put into place proceedings for inquiry and the determination of whether it stands to be a judicial proceeding. This includes the power to administer oaths; summon persons to attend and give evidence; and order the production of evidence. This provision is not provided for in the present Act.

5.3 Registration Organizational Aspects

5.3.1 Capacity

The National Council for Construction (NCC), is currently in its initial stages of establishment, as such it has a very lean establishment structure consisting of the Council members, Executive Director, Information & Communication Officer, Office Assistant, Driver & Office Attendant only.

Zambia is administratively divided into nine provinces, whereas NCC only has its offices located in Lusaka.

To facilitate the effective establishment and maintenance of a fair and transparent Registration Scheme including timely processing, proper co-ordination of regulation and development activities for the Contractors, there is need for NCC to establish a full time Secretariat to manage these functions.

Based on its mandate, NCC will need to set up such a Secretariat whose functions would include but not be limited to: development of procedures and criteria; preliminary review; data verification; inspection of offices, workshops, plant & equipment; data evaluation for reporting to management & council; maintenance of Register. The need for a centralized and well co-ordinated Registration Process is also primary for effective success of the Registration Scheme. This is besides the Regulatory and Promotion functions, which complement the Registration Scheme.

Based on NCC's short and medium term plans, current capacity including limited budget and human resources, it is apparent that it is not currently in a position to establish a well-manned Secretariat in the short term to manage the Registration function in all the provinces. Furthermore, there has been expressed the need to put in place a system which does not deter

those in the provinces from registering owing to costs of travelling to Lusaka to process their applications.

It is important that the verification of information be done by a member of the Secretariat while the inspection of offices, plant, equipment be done by a minimum of two assessors from the Secretariat. This is done to ensure transparency and accountability. In the event that the registration process is flawed, the Secretariat staff could then be held accountable. The issue of accountability is made difficult when an external party is involved.

However, the case of NCC's lack of capacity in the interim, and the urgent need to establish the scheme requires an appropriate measure in the short term to address the capacity constraint, and which can be effectively linked with a medium term intervention.

5.3.2 Available Options to Address Short Term Capacity Constraint

Associations

The established Contractors Associations namely; Association of Building & Civil Engineering Contractors (ABCEC) and National Association of Small Scale Contractors (NASSC) have expressed the need for their involvement in the Registration Process, where they will on behalf of the NCC act as an Agent to collect and verify the information. It is argued, that they as an Association, have an established network and they know best the Contractors, and thus are in a better position to vet the applications. It is also the intention of the Associations to boost their membership through the NCC Act, where all contractors registering with NCC will be compelled to register with the respective associations.

While appreciating the Role of the Associations in the Registration process, and the need for a strong lobby group to facilitate a dynamic and vibrant construction industry, there are a number of concerns with this option, mainly in regard to:

- ❑ There is a very strong likelihood for conflict of interest to persist, when carrying out vetting and inspection of own members.
- ❑ While associations may know better the existing contractors within their membership who seek upgrading or renewal of their status, they do not necessarily know the new applicants, as they are yet to be their members.
- ❑ In the presence of a Register of Contractors, membership to the associations should be voluntary, rather than mandatory. The added costs at the time of Registration for both Registration at the

NCC and the Associations, may be considered a deterrent, especially in the event that the Association is not seen to be active, thus not adding value.

- ❑ ABCEC does not currently have a Secretariat in place, and is not represented in all the nine provinces. While NASSC is represented in all nine provinces, some provincial associations do not have Secretariats in place, which can effectively deal with the registration in a timely and orderly manner.
- ❑ The application forms are to be sent separately to the two associations i.e. NASSC for Small Contractors for those seeking to execute Works below K1 bn, and ABCEC for Medium to Large Contractors, for those seeking to execute Works above K1bn. In the absence of clearly defined evaluation criteria and centrally co-ordination (as is the present case), the vetting by two separate bodies could lead to two different standards of registration.

Based on the above, the role of Associations in the presence of a Registration Scheme should ideally be focused towards ensuring abidance to professionalism and code of ethics of its members, rather than involving itself in the Registration Process. The Associations should be in a position to monitor and offer critique on the implementation of the Registration Scheme from an external perspective rather than from within. However, the Study recognizes that the implementation of this option is at an advanced stage.

Provincial Technical Committees

Another option is the use of Technical Committees in the Provinces, chaired by the Provincial Permanent Secretaries, and which comprises of all heads of departments in the provinces, including the Provincial Roads Engineer (PRE). The Eastern Province branch of the National Association of Small Scale Contractors has been working hand in hand with the Technical Committee, in various matters related to their promotion.

This option provides an independent body with limited vested interests to do the vetting and inspection, as the composition comprises, primarily of potential clients who are more likely to ensure that the end product meets their needs. However, considering that the Committee constitutes of external members who are not employees of the Board, this may result in applications not being dealt with promptly due to the other schedules of the members. There will thus arise the need for motivation for those doing the exercise. Also, based on the limited time required to process the applications and the need to limit the costs involved in the registration

process, so it is not a deterrent to registration, convening of the Committee on a regular basis, may prove to be a problem.

It is being recommended for adoption of an interim arrangement that will involve both the Associations and Provincial Technical Committees to ensure transparency and accountability.

5.4. A Review of the Present Criteria

In developing a suitable Registration Criteria, the need was found to review the current Registration Systems in place in Zambia, with a view to improving where appropriate.

The two Registration Schemes considered are:

- ❑ Registration of Contractors under the Roads Department and Provincial Road Engineers
- ❑ NCC Registration Guidelines, to be Gazetted

During the review process, various observations have arisen based on interviews, consultations with the users, stakeholders and experiences from other registration schemes.

5.4.1. A Critique of the Registration System of Contractors under the Roads Department /Provincial Engineers

A Critique of the Registration System of Contractors under the Roads Department /Provincial Engineers is shown under Table 7 below.

Table 7: Critique of Registration by RD/PRE

Issue	Remark
Categories	Categories are based on type of works to be undertaken. No set limits for works within a category.
Criteria	Contractors are classified according to Technical Capacity, Equipment, Finance & Track Record. Study could not establish detailed criteria/ guidelines i.e. Number and qualifications of Staff, No & Type of Equipment, Financial Capacity, Type of Experience required for a particular category.
Procedure	Registration carried out by the Operations Division for the Roads Department and Provincial Roads Engineer or appointed staff for registration of Small Contractors. Procedures for different Provinces are different.
Physical Verification/ Inspection of Details	No physical verification done on information submitted. Assessment mostly done based on information submitted.
Updating/ Deletion	No defined procedure for updating status or deleting contractors in place. A few contractors have been blacklisted.

Issue	Remark
Evaluation	Study could not establish clearly defined Evaluation Procedure.
Co-ordination	Registration of Small Contractors co-ordinated at Provincial levels. At times the Procedures & Criteria vary from one Province to another. There is no Central Registrar for Small Contractors.

5.4.2 A Critique of NCC Registration Guidelines

The National Council for Construction (NCC) has been under great pressure to establish a Registration Scheme for the construction industry. It established an Ad-hoc Committee to establish Guidelines for Registration as shown in Appendix XVII. The Guidelines are in the process of being gazetted. The Committee, which mainly constituted members from the Association for Building & Civil Engineering Contractors (ABCEC) has prepared Guidelines for Registration consisting of Application Form, Categorization of Contractors, Guidelines for Various Classifications & Fee Structure.

The Guidelines for Registration are a very good initiative and a lot of input and effort has gone towards preparation of the Guidelines. However, it is noted that in preparation of the Guidelines, there was need for more focus on the Small Contractor as specific Guidelines for Small contractors are not in place. A Critique of the Guidelines reveals the following as shown in Table 8:

Table 8: Critique of NCC Registration Guidelines

Issue	Remark
Application Form	Does not take into consideration the need for Upgrading, thus no provision for Contractor to indicate Current Registration Details in the event of Upgrading.
Categorisation of Contractors	The categorization is primarily based on Main categories and Sub-Categories that are based upon Construction Activity.
	Sub-Categorization for General Roads & Earthworks is too fragmented. Great likelihood for Contractors executing Earthworks to Register for Drainage Structures; Off-Carriageway Rehabilitation & Maintenance and On-Carriageway Rehabilitation & Maintenance based on related nature of works in Road Construction. However, as long as one can simultaneously register up to three categories under one application, the sub-categorization may apply.
	While Bridge Construction can be considered a speciality, it can also be considered an integral part of

Issue	Remark
	Road Construction. The present guidelines require that if one is executing a road project that also involves construction of bridges, then one should register separately under both General Civil Engineering Works Category & General Roads & Earthworks Category, which is not practical to an established contractor, and further amounts to added registration costs.
	Provision of Road Furniture is considered an integral part of On-Carriageway & Off- Carriageway Rehabilitation & Maintenance Generally, the registration requirements for the Main Categories should differ from those of the Sub-Category.
Description of Main Categories and Sub-Categories	There is need for a clear description of the Main and Sub-categories to avoid ambiguity. There is a requirement that states that only experienced Contractors will be allowed to Register under the Main Categories. This requirement is ambiguous and will preclude emerging Contractors from growing to become Main Contractors. It will limit emerging contractors, by creating a breed of sub-contractors, thus stifling growth.
The Case for the Small Contractor	There is need for flexible requirements and consideration for the registration requirements for the Small-Scale Contractor including Labour-based Contractor
Criteria	Commendable efforts have been made at establishing detailed Criteria. However, the Criteria is general and should take into cognisance the different requirements for the different Categories, especially as requires Qualifications for Technical Staff. For instance, Qualifications & Number of Staff for General Building & Housing would differ between that of the General Civil Engineering Works and General Roads & Earthworks Category. Also there is no specific requirement for Equipment, other than that stated under Fixed & Movable Assets. The Experience aspect should not be left to Turnover alone, but should also include aspects such as Value for Single Contract and Successful Completion.
Class Limits for Main Category & Sub-Category	Application of Class Limits for main – Categories and Sub- categories differ based on nature of Works. A typical case is that it would be very rare to find an Off-Carriageway Maintenance Contract, worth K 20bn. Neither, would it be practical for a Contractor to register for Bituminous Surfacing & Paving Applications in Classes 5 – 7, owing to staff, plant/ equipment resources and other facilities required.
Evaluation	The Registration Criteria is considered as a Guideline.

Issue	Remark
	This can lead to subjectiveness in the evaluation process. To safeguard against this, it is advisable to award points to the various criteria. Further, the Criteria should be detailed enough, specifying particular requirements to remove subjectiveness.
Fee Structure	Fee Structure for the Contractors registered under the Sub-Categories should be less than those registered under the Main Categories, owing to the nature of the works. The fee structure should allow lesser fees for the contractor registering in one or more Sub-categories compared to the contractor registering under the Main Categories.
Registration Framework	Guidelines have been proposed. However, what is lacking is a Registration Framework consisting of organization, structure and procedures for the Registration process.

SECTION II

PROPOSED REGISTRATION SCHEME

6.0 MAIN FEATURES OF THE PROPOSED REGISTRATION SCHEME

Based on a Review of the various Registration Criteria in use, views from stakeholders, Review of Registration Practice in other Countries, Best Practice, Interventions aimed at addressing barriers facing contractors and the need to establish a Scheme that focuses on the need to promote the emerging contractor, the Study has developed a Registration Scheme that will:

- ❑ Provide a fair and transparent slot for participation of contractors to access work opportunities.
- ❑ Facilitate growth for all spectrum of contractors
- ❑ Promote small to medium contractors
- ❑ Provide flexibility for emerging contractors
- ❑ Safeguard the public against bogus contractors
- ❑ Provide for a regulated environment
- ❑ Provide a framework for developing contractors

A lot of effort has been made in ensuring that the Registration Criteria is clear, detailed and unambiguous specifying items so that assessment and evaluation is carried out in a fair and transparent manner.

Further, in developing the Criteria, a critical review was done to the present registration criteria, which aimed at consolidating on the strengths of the present criteria and addressing areas of weakness if any.

Particular emphasis was laid in ensuring that there is flexibility for entry for the emerging contractors, while maintaining the need for there to be in place competent contractors to steer the Zambian construction industry.

While the focus of this registration scheme is on small to medium scale contractors, it is necessary to present a registration scheme that encompasses the whole civil work sector, which will facilitate growth. For the purpose of this Report, it will be confined to the General Civil Engineering Works and in particular General Road & Earth Works Main Categories & Sub Categories.

6.1 Recommended Short & Medium Term Registration Process

The NCC Act No. 13 of 2003 stipulates that Council will Register and Regulate Contractors. In this respect, the Council is ultimately responsible for approval of the Registration of Contractors. In lieu of the wide mandate of the Council as regards other construction industry related issues, composition, number of members in the Council, resources available and the need for prompt processing and efficiency in the registration process, it is not deemed appropriate to involve all the members in the registration process. It is thus recommended for the

Council to appoint a Registration Committee, consisting of not less than three members, (with no vested interests) to oversee the Registration process.

It is also recommended that NCC should appoint a Registrar to manage the Registration function. In the interim specific timeframe of not more than one year, the Registrar will use the network of the Associations to receive and process the applications and who will work together with nominated Provincial Technical Committees to physically verify the applications. It is thus recommended that an independent panel be formed by two to a maximum of three members in the Province to vet the applications. These may constitute the Provincial Roads Engineer and Director of Works in the Council. When necessary, the Provincial Technical Committee members may nominate any of the staff to do the particular inspection and verification.

On the interim arrangement, applications will be channelled to the Associations, who will do the preliminary vetting and inspections in conjunction with the nominated Provincial Technical Committees. The recommendations will then be forwarded to the Registrar, together with all relevant documents who will then recommend to the Registration Committee on the registration status, after satisfaction on fulfilment of requirements, and based on the requisite qualifications and capacity.

While the preliminary review, data verification, inspection of offices, plant, equipment could be de-centralized and be done by independent external agents for certain classes of contractors (Classes 4 – 6), the eventual evaluation, assessment and recommendation for registration should be approved by the Registrar and Council Registration Committee.

However, this arrangement should be deemed interim, pending the establishment of a well-staffed Secretariat. It should have a time frame not exceeding 12 months. To facilitate the interim arrangement, there should be established Memorandums of Understanding (MoU) with the Associations (ABCEC & NASSC) to act as Agents for NCC on an Interim basis, pending the establishment of capacity within NCC. The MoU should clearly define the roles, and create line of accountability in the event of default. MoU's should also be established with the nominated Provincial Technical Committees together with a Code of Practice.

As a permanent arrangement, the Study proposes NCC establishing a well-staffed Secretariat to manage the registration function. The establishment can be gradually phased, such that in future, the Secretariat can be manned by the Registrar and Registration Officers for the different disciplines i.e. starting with one Registration Officer and building gradually. The ideal organization may include Registration Officer – Civil

& Roads and later Registration Officer – Buildings and Registration Officer - Mechanical/ Electrical. The Proposed Organization Structure is as shown in Appendix XV. Various Job Descriptions are shown as Appendix III.

Upon the establishment of a full time Secretariat, then the applications will be channelled to NCC and the Secretariat will oversee the preliminary vetting, inspection, data verification process and eventual registration as shown in the Flow Chart XII. Agents may then be appointed, on a need to need basis to carry out inspections when and if necessary.

Upon the effective establishment of NCC Registration Scheme, the Council may then see it appropriate to outreach and establish Zonal Offices that will form liaison offices for the Council, and this can later be phased to include the opening of Provincial Offices.

6.2 Registration Categories

The Study proposes a broad framework for the Registration Categories for the various construction-related disciplines. However, based upon the limitation of the study to focus on the civil works, and particularly the road sector, the subsequent Report will focus on General Roads & Earthworks Category.

Primarily, the Categorization consists of Main Categories based on Construction Activities according to the different disciplines, and Sub-categories, which allow for Specialization. The Categorization encompasses the various activities involved in the Buildings, Civil, Mechanical, Electrical and Mining disciplines and is based on a modification of the proposed NCC Guidelines. Amendments have been made in the General Building & Housing Category, where those activities related to Electrical and Mechanical Works have been appropriately categorized. Also Structural Steel Engineering related to Building Works has been included into Building Category. New Categories and Sub-Categories for Electrical & Mechanical Works have also been introduced. In relation to General Roads & Earthworks categories, the provision of Road Furniture has been made an integral part of Off- carriageway Rehabilitation and Maintenance. Also Bridges has been added to Drainage Structures under the General Roads & Bridges Category. Definitions for the Construction Activities under the General Roads & Earthworks Category are as shown in Appendix I.

Contractors approved under the main categories may carry out construction works in any or all of the sub-categories, e.g. a category “C” contractor may tender for and carry out construction works in sub-categories “Ca”, “Cb”, “Cc”, “Cd”, “Ce” & “Cf”. In this respect, a

contractor may only select ONE (1) main category or THREE (3) sub-categories in ONE (1) application. Contractors wishing to apply in more than ONE (1) main category or THREE (3) sub-categories must submit separate applications. Table 9 shows the Proposed Categories.

Table 9: Proposed Categorization of Contractors

Category Code	Type of Category	CONSTRUCTION ACTIVITY
B	Main Category	General Building & Housing
Ba	Sub-Category	Structural Steel Engineering (Building)
Bc	Sub-Category	Aluminium Works, Glazing, Partitions & Ceiling Finishes
Bd	Sub-Category	Painting, Glazing, Interior & Exterior Decorating
Be	Sub-Category	Flooring & Tiling Services
Bf	Sub-Category	Plumbing & Sanitary Installations
Bg	Sub-Category	Carpentry, Joinery, Roofing & Waterproofing Services
Bh	Sub-Category	Landscaping & Gardening
C	Main Category	General Civil Engineering Works
Ca	Sub-Category	Bridges & Structures
Cb	Sub-Category	Pre-cast & Pre-stressed Concrete
Cc	Sub-Category	Piling & Foundation Engineering
Cd	Sub-Category	Structural Steel Engineering
Ce	Sub-Category	Harbours & Ports
Cf	Sub-Category	Public Health Engineering Works (incl. Water, Drainage & Sewerage)
R	Main Category	General Roads & Earthworks
Ra	Sub-Category	Bituminous Surfacing & Paving Applications
Rb	Sub-Category	Bridges & Drainage Structures
Rc	Sub-Category	Off-carriageway Rehabilitation & Maintenance
Rd	Sub-Category	On-carriageway Rehabilitation & Maintenance
Re	Sub-Category	Road Markings & Road Furniture
E	Main Category	Electrical Works
Ea	Sub-Category	Building & Industrial Electrical Maintenance and Installation
Eb	Sub-Category	Transmission Lines
Ec	Sub-Category	Power Generation
M	Main Category	Mechanical Works
Ma	Sub-Category	Heating, Ventilation, Air-Conditioning & Refrigeration Installation
Mb	Sub-Category	Pipe Laying & Installations, Tank Erection & Installation
Mc	Sub-Category	Boiler Installation & Steam Distribution
Md	Sub-Category	Service Installation
GM	Main Category	General Mining Services
Gma	Sub-Category	Mining – Drilling & Blasting
GMb	Sub-Category	Mining – Quarrying & Crushing

6.3 Classification of Contractors

Classification is used to define the various groupings of contractors according to their perceived capacity to undertake works.

The NCC Guidelines have been modified so that the Proposed Classification consists of Classification Grades 1 to 6 as shown in Table 10 below. Classification Grade 1 is the highest Grade with Classification Grade 6 being the lowest. Classification Grades 4 to 6 are reserved for emerging Small Scale Contractors thus facilitating growth.

A number of stakeholders sought for the establishment of a separate Labour-based Contractors Category. The role of the Labour-Based Contractors to a developing construction industry, such as Zambia is recognized as being an essential one in terms of providing where technically and financially viable; flexibility and ability to work in all parts of the country; employment generation; cost-savings and entry-opportunities to the industry. It was argued that Labour Based Contracting is a speciality, thus having different requirements and training. To facilitate the development of Labour based Contractors, it is important that they are first recognized, through a registration scheme which will allow them to access opportunities in a fair and transparent way, and hence then provide opportunities for growth. It was further argued that a number of untrained contractors, claiming to be labour-based contractors have tarnished the image of labour-based contracting through execution of shoddy works and improper labour practices. . There was thus identified the need for consideration for a Special category for Labour-based Contractors. However, since the proposed Categorization is principally based on Construction Activities, while Labour Based Technology is considered a method of execution, a Classification for Labour – based Contractors has been proposed within the Classes reserved for emerging Contractors, namely Classes 4 – 6.

In this respect, a separate classification for a Labour-Based Contractor has been proposed under the emerging Contractor Classification Grades (Classes 4 – 6L) as shown in Table 10 below. Classification 4 to 5 are divided into parallel Small Contractor & Labour-Based Contractor Categories, with Class 6 reserved for the small contractor executing routine maintenance works involving vegetation control and other contracts, and who is typically be a labour-based contractor.

Table 10: Proposed Classification

1	2	3	4-S	5-S	
			4-L	5-L	6-L

S – Small Contractor

L – Labour-Based Contractor

The Labour-Based Contractor Category refers to those trained and specialised in employing labour-based rehabilitation and maintenance techniques while the Small Contractor Category refers to those executing on and off -road rehabilitation works and drainage structures and other Civil Engineering & Road Works, but not necessarily employing and being trained in labour-based techniques. Class 6L Contractors are eligible for execution of routine maintenance works. Classes 4 –S/L and Classes 5 – S/L are classified for those executing periodic maintenance/ rehabilitation works.

Contractors registered under 4S and 5S are not capable of executing works classified for 4L and 5L respectively, due to the nature of speciality involved. However, 4L and 5L may execute works classified for 4S and 5S respectively.

6.4 Classification Limits

Classifications Limits are limits designated to determine the maximum value of contract for which the firm may tender. The class limits are developed on the basis of capacity of such contractors to execute works and actual market trend in Zambia. NCC can revise the limits from time to time.

These range from Unlimited value Class 1 Contractors to K 250 million for Class 6L Contractors as shown in Table 11 below.

Table 11: Classification Limits

Classification Grade		Limitation on Contract Value to be Tendered
1		Unlimited
2		K 20.0 bn
3		K 10.0 bn
4-S	4-L	K 2.5 bn
5-S	5-L	K 1.0 bn
	6-L	K 250 million

Revisions have been made to the NCC Guidelines in Classification Classes 5 – 8, based on the need to identify Class Limits for the Small Contractor and also to accommodate current practice.

6.5 Application of Classification to Main Categories & Sub-Categories

Based on the different nature and scope of works, for the different Construction Activities under different categories, it is found appropriate to define different Class Limits for the different Main and Sub-Categories as shown in Table 12 below.

Table 12: Application of Classification to Categories

		Category	Class 1	Class 2	Class 3	Class 4-S	Class 5-S	Class
						4-L	5-L	6-L
R	Main Category	General Roads & Earthworks	✓	✓	✓	✓	✓	
Ra	Sub-Category	Bituminous Surfacing & Paving Applications	✓	✓				
Rb	Sub-Category	Bridges* & Drainage Structures			✓	✓	✓	✓
Rc	Sub-Category	Off-carriageway Rehabilitation & Maintenance			✓	✓	✓	✓
Rd	Sub-Category	On-carriageway Rehabilitation & Maintenance			✓	✓	✓	✓
Re	Sub-Category	Road Markings				✓	✓	

For bridges and drainage structures whose contract value will exceed K 10.0 bn, based on the Scope of Works involved, it is proposed that the contractor applies separately for registration under General Civil Engineering Works Category.

This structure will facilitate growth as there will be realized the need to move from the Sub-Categories into the Main categories after reaching the ceiling limits and thus facilitate growth and access to other greater opportunities.

6.6 Protected Categories

A complaint from the small and medium contractors is the unfair play arising from bigger contractors taking smaller contracts that would otherwise have been undertaken by them, thus throttling the industry, as they fail to access the few work opportunities and thus cannot grow.

There has thus been a demand from the industry for there to be in place protected categories which would in addition to the ceiling limits, restrict contractors not to bid for works below their registered classification.

Part III, Section 8 of the NCC Act stipulates that '*A Contractor registered under this Act shall not undertake construction work in a category in respect of which that person is not registered*'. This provision advocates for Protected Categories by restricting a contractor to undertake works within the upper and lower limits of the classification.

While this provision has its merits, as to facilitate fair competition, there is need to observe caution in its strict application.

This provision should be applied in an industry where there is adequate capacity within the various classifications. In the absence of adequate capacity, or where there are few contractors in a certain class, there may arise monopolies, which will go against the spirit of free competition. There may also arise the case where a particular class may not have a single contractor or so few that it may limit competition.

There is need that the Client Institutions should properly package works and issue invitations that properly target the requisite group. There is however concern that there is limited capacity within Roads Department and among local consultants to prepare realistic budgets for works. Hence, upon implementation of restricted categories of contractors, there could arise more problems than at present of ensuring that works are matched to capable contractors during the tender award process.

Based on the above, and so as to safeguard against the capacity constraints, both as regards to the clients and contractors perspectives, it is being recommended to exercise caution in the application of protected or restricted categories, until such a time as NCC is sure that the industry has matured to meet the requirements of all the classes. NCC would have to satisfy itself by assessing the capacity within the different classes.

In this respect a number of options may be adopted, one is ensuring higher ceiling limits are adhered to, but allowing for flexibility as regards the lower thresholds. Another option would be to allow for bandwidths, into which a contractor may operate in two or more categories, but provided they are not above the higher ceiling limit. The third one would be to allow the Client Institutions to extend the Invitations for Tender to one or more classifications to ensure fair competition.

6.7 Categorization of Foreign & Local Contractors

The definition of a foreign firm, as defined in the NCC Act No. 13 of 2003 is a firm registered and controlled outside Zambia and whose majority ownership (more than 51% are owned by a non-Zambian citizen) while a local firm is that which is registered, controlled within Zambia and whose majority ownership (more than 51%) is owned by Zambian citizens.

It needs be appreciated that there is currently no local contracting capacity in Zambia to execute the major infrastructure projects. The current trend where foreign contractors are undertaking the majority of works is not sustainable.

In order to create a sustainable contracting capacity within Zambia it is necessary to promote local contractors. As a first step, it is necessary to first identify local contractors so that proper initiatives could be

channelled towards them. It is for this express purpose, that it is proposed that there be separate categories for Local and Foreign Contractors. There will not be different registration requirements for either local or foreign contractors, as the same requirements will apply.

The development initiatives should recognize the need to tap the extensive resources and experience of the foreign contractors by way of technology transfer and capacity-building measures such as mentorship, joint ventures, sub-contracting which if well co-ordinated, could promote the local contractors.

Some established foreign contractors have been down-plunging works, which would otherwise have been executed by the small to medium contractors. There should thus be some intervention to address this anomaly. It is in this respect that for the purposes of promoting local capacity, that it is being proposed that Registration of Foreign Contractors be restricted to Classes 1 and 2 only.

7.0 REGISTRATION REQUIREMENTS

Following identification of the Registration Process, Categorization and Classification Schemes in the Registration Framework, there is thus the need to define the Registration Requirements as shown below:

It should however be noted that the scheme is to be considered as a registration criteria, which constitutes of basic minimum requirements and which should not absolve the client from the need to determine the particular requirements of a contractor, based on the particular scope of works.

7.1 Registration with Patents & Company Registration

It is primary to ensure that the contracting firms are operating within the necessary legal framework and should be registered with the Patents & Company Registration either as a limited liability company, partnership or sole-proprietorship firm at the time of application. To ensure that the firms operate in a truly corporate environment and achieve growth, liability and accountability, it may be of merit to limit the Sole-proprietorship or Partnership firms (trading as Business Names) to Classes 5 and below. Any firm, aiming for a higher category should be incorporated as a limited liability or public listed company.

For purposes of verification, the firms will have to submit Certificates of Registration from the Patents & Company Registration.

7.2 Staff Requirements

The competency and qualifications of staff is of essential essence to any contracting firm. The Study revealed a great outcry, regarding competency of staff. It is in this regard, that it is strongly recommended that any construction firm should have a minimum number of permanent staff. This structure should take into cognisance, the particular nature of the construction industry, where personnel are employed on a contract basis for a particular project. Consultants or part-time employees cannot be considered as personnel resources for registration purposes.

For verification, the applicant will have to produce the necessary academic certificates. The proposed minimum staff requirements are as shown in the Registration Criteria shown in Appendices IIa & IIb. An analysis made on the proposed staff requirements reveal that they have a strong co – relation with the existing capacity as shown in Table 4, and the NCC Guidelines.

7.3 Technical Director

In order to instil professionalism into the contracting firms, especially in light of the various complaints that some businessman without a technical background consider contracting, just simply as another quick way of making money, without regard to professionalism and thus do not adhere to contractual principles and ethics. It is being strongly recommended that a requirement for a Technical Director should form a principal registration requirement. The Technical Director is a share-holder, partner or sole – proprietor with certain minimum Technical qualifications in the requisite field of application as shown in Table 13 below. The Technical Director requirement means that a technical person has a stake in the ownership of the firm, and thus can influence important decisions as regards the technical aspects, which cannot otherwise be instilled by an employee.

Table 13: Minimum Technical Qualifications of a Technical Director

Type of Contractor	Minimum Qualifications
General Roads & Earthworks <i>Classes 1 - 3</i> <i>Classes 4 S – 5 S</i> <i>Classes 4L - 6 L</i>	<ul style="list-style-type: none">❑ Professional Qualified person in Engineering, Architecture and Quantity Surveying, Technicians Certificate in Engineering or Roads Training School Certificate❑ Roads Training School Certificate or equivalent.❑ Roads Training School Certificate, Labour-Based Training Certificate or equivalent.

It is thus important, that at the time of Registration, the Contractor ensures that the firm has a Technical Director. For purposes of verification, the applicant will have to produce the necessary academic and qualification certificates and Memorandum and Articles of Association in the case of limited liability companies, or Extract for the case of firms which the stipulate the Shareholders, Partners, Sole-Proprietors.

7.4 Plant & Equipment Requirements

The Study revealed that Contractors face Equipment problems, thus affecting Contractor performance. While the ideal environment in the developed construction industries is that contractors can own or lease equipment, the equipment hire and leasing industry in Zambia cannot fulfil the demand.

Generally, there is lack of plant and equipment in Zambia, probably attributed to lack of much activity in the road sector over the past 20 – 30 years.

While the large contractors have access to equipment, mostly owned and are able to access additional capacity, most of the small-scale contractors, other than rehabilitation contractors who got their equipment under EPFRP, do not have equipment. The inability to procure is primarily attributed to lack of continuity of work. Some medium-scale contractors have equipment, but then it is mostly in a bad state, requiring rehabilitation.

There are only three reputable plant hire firms, who cannot meet the demand. The capacity of the major equipment holding firm is as shown in Appendix XIII.

Most of the plant and equipment made available to the road agencies has also suffered from the general lack of maintenance and repair.

An Equipment & Plant Management Study, conducted for the Roads Department Workshops in 1996 established that there were 875 items of equipment, of which 31% was beyond repair, 38% required repair and 15% were in working order. Equipment availability was assessed at 10% for vehicles and 20% for plant. There are no indications that things have taken a turn for the better, since the Study was carried out, if only things have even worsened. One of the major Equipment Hiring Firms contacted during the Study observed 10% utilization, basically due to lack of work opportunities. Some of the Equipment & Fire firms also involve themselves in contracting, thus restricting the actual supply when they have works.

Client Institutions have expressed the desire that Equipment should form a requirement, and that it should be both owned and leased. There were a number of complaints of contractors submitting proof that they could lease equipment, but when they are required to do so, they can not deliver the equipment, and even if they deliver the equipment, it is sometimes of poor or obsolete working condition.

While there is need of deliberate interventions to address the equipment problem, as outlined later, one approach would require institution of basic minimum equipment ownership requirements to assess the contractor. The equipment requirements should bear the need for contractors not to necessarily own large fleets of equipment, but those necessary to facilitate execution of activities including supervision. This would in the long term, encourage contractors to acquire equipment and thus complement other measures in building capacity.

Contractors would be required to produce the Blue Books, in their names to prove ownership. Minimum Plant & Equipment requirements are as shown in the Registration Criteria in Appendices IIa & IIb.

In establishing the equipment requirements, a co-relation was also established with the existing capacity as shown in Table 4.

7.5 Offices/ Workshop Conditions Requirements

A Contractor, be it big or small, should have an established office from which to operate from. This facilitates contact with the client institution, and is a basic step in establishing a business. Flexibility may be allowed for the Labour-Based Contractors in Class 6S as regards the requirements of the particular office. The set-up for office of a Class 1 Contractor should be more organized and set up, compared with that for a Class 6 Contractor. It is being proposed that Contractors in Classes 3 and above must have in addition to the office, a Workshop Area for which to store material and equipment, operate and repair tools and equipment. The requirements for Office & Service Facilities are as shown in the Registration Criteria in Appendices IIa & IIb.

7.6 Experience

The track record of a firm is an important tool for assessing the competency of the firm. Applicants are expected generally to have executed construction works similar to the grades for which they wish to be registered. Main Contracts must form the substantial portion of the track records. Subcontracts awarded directly by another contractor may be considered provided the scope and value of projects are clearly described and accompanied with the necessary contractual documents.

The experience of any firm applying for upgrading or registration in any class other than Class 5S and 6L, should be assessed based upon years of practice in the field of application, average size of at least three projects and maximum size of any single project.

New applicants entering in Classes 5S and 6L, shall not be assessed on experience of the firm, based on the need to allow entry and also the fact that it is assumed that the risks are low.

In the case of first registration in Classes 4 through 4S and 5L, a contractor will not be assessed for experience of the firm, but will be assessed on the experience of individual technical staff, which is based on years of practice in the field of application, average size of at least 3 projects supervised and maximum size of any single project supervised.

In addition to the above, applicants are expected to have a consistently good performance record. Those with poor performance history may be

refused registration. Detailed minimum experience requirements are as shown in Table 14 below.

Table 14: EXPERIENCE REQUIREMENTS

	Experience	Minimum Requirements
1	Years of practice in the field of application	Class 1 - 10 years Class 2 - 7 years Class 3 - 5 years Class 4 - 3 years
2	Average size of at least 3 projects executed in the years of practice or since last upgrading	At least 30% for Classes 1 - 2, 20% for Class 3 and 15% for Classes 4 - 5S/6L of the Present Class Limit
3	Maximum size of any single project executed in years of practice or since last upgrading	At least 80% of present Class Limit

7.7 Financial Capacity

Financial resources are very crucial in the construction process, as a contractor is usually required to meet several financial commitments in the process of preparing and implementing a project. It is for this purpose, that Financial Capacity should form an integral part of the Registration Requirements.

Applicants should show that they have sufficient resources to meet the financial commitments which would normally arise, It is being proposed that the financial standing of any firm applying for registration be assessed in terms of Average Annual Turnover, Liquidity and Value of Fixed Assets.

In the case of new applicants, the annual turnover shall not be assessed and the firm shall be assessed for liquidity and Assets.

Minimum financial requirements for any firm applying for upgrading or first registration are as shown in Table 15 below.

Table 15: FINANCIAL REQUIREMENTS

	Classes 1* - 2	Classes 3 - 4S/ L	Classes 5S/ 6L
Average Annual Turnover	15% of Class Limit	15% of Class Limit	N/A
Liquidity (Cash in Bank, Redeemable Financial Securities)	5% of Class Limit	2% of Class Limit	N/A
Assets	20% of Class Limit	10% of Class Limit	N/A

*Note: The Limit of Class 1 is hereby assumed to be twice the Limit of Class 2 for all types of Contractors
Applicants for Upgrading will be required to submit current Audited Annual Accounts in compliance with IAS Standards.

7.8 Occupational Health & Safety

The Health & Safety of workmen and general public in the workplace is one of the most important responsibilities of any contractor. In order to promote occupational health and safety, it is being proposed that contractors should at the time of registration submit a Safety Policy, committing them to adherence of best safety practices. A Draft of a Safety Policy could be attached to the Application Form, to enable a Contractor prepare a Safety Policy for the firm. In addition, they should also be required to maintain and provide a minimum set of safety gear as shown on Appendices IIa & IIb. The quantities shown are minimum requirements, but as a general rule, every person on a construction site must be provided with the appropriate safety gear. Additionally, it is vital that the work site of a contractor should have at least one trained first-aider. A short and meaningful statement must also be prepared on how the contractor intends to increase awareness on HIV/AIDS among employees.

7.9 Co-relation Analysis

A co-relation analysis on the submitted data based on evaluation of the questionnaires submitted from Contractors and evaluated according to the Proposed Registration Scheme, classifies them into the following classification as shown in Table 16 below.

Table 16: A Co-relation of Questionnaires to Registration Scheme

1	2	3	4-S	5-S		Not eligible
			4-L	5-L	6-L	
1F	1F			2	5	7

The co-relation reveals that two (2) Contractors are eligible in registration in Classes 1 and 2, both of which are foreign. Two (2) Local Contractors are eligible for registration under Class 5L, and five (5) other local contractors under Class 6L. It was also noted that seven (7) of the firms did not qualify for registration, as they lacked a Technical Director, which is a principal requirement under the proposed scheme.

7.10 Other Considerations

7.10.1 Tax

It is important that Contractors should adhere to the laws governing tax compliance. In this respect, contractors should ensure that they are registered with the Zambia Revenue Authority, when submitting their applications. VAT Registration may be subject to the threshold value of business turnover.

7.10.2 Provision for Dispensation

Under very exceptional circumstances, the Council may be called upon to grant dispensation in respect of performance of contractors beyond class limits upon being satisfied that a particular contractor deserves to be granted such dispensation. This provision is subject to abuse and should be used with discretion. Applications in this respect should be made for bona fide contractors by clients and shall contain information including:

- (a) A summary of the nature and scope of the works
- (b) Consultants estimates prior to tendering
- (c) Consultant's written recommendation to the client on short-listing of contractors. This shall include the names, addresses and classes of registration of the recommended contractors.
- (d) Final decision of the client on the recommended shortlist.
- (e) Written proof of invitation to tender as sent to short-listed bidders.
- (f) Results of tender opening, showing who were present at opening, their representations, tabulated tender figures and any other special conditions accompanying the tenders.
- (g) Consultant's evaluation results and recommendation to client.
- (h) Client's provisional decision to award the tender to the contractor who needs dispensation.

Based on the need to expedite the dispensation process, there may arise the need for the Council to mandate the Registrar to grant dispensation without the necessary approval of the Registration Committee or Council.

7.10.3 Anti-Bribery Pledge

Corruption is rampant in the construction industry, owing to the amount of monies that are handled during the construction process. In lieu of the nature of the construction process, contractors handle the major part of the monies involved. It is thus necessary, to create awareness against bad corruption practices which were highlighted as a major concern during the various consultations. It is in this respect that it is being proposed that during application, contractors should also submit a standard Anti-Bribery Pledge that they are committed towards non-involvement in corrupt practices, as shown in Appendix IV.

8.0 PROCEDURES

The following procedures are being proposed to facilitate the Registration Process.

8.1 Application

Applications for registration or upgrading should be submitted on a prescribed Application Form (as shown in Appendix V) issued by the Council upon payment of an Application Fee. The duly filled application form should include information shown in the checklist in the form. It is the applicant's responsibility to ensure completeness of the submissions.

8.2 Processing

8.2.1 Preliminary Review

An application shall be considered complete, ready for evaluation and submitted to the Council, only if the application form has been properly filled, and all necessary information and attachments submitted. Incomplete or un-compiled submissions will be returned. Processing will commence only after the submissions are found in order. The Secretariat shall inform the applicant to submit any data that is missing or is inadequately submitted. A pre-determined period should be attached to the validity of applications, following which the applications may be considered dismissed. A period of 12 months is being proposed.

8.2.2 Data Verification

There then follows data verification. This involves obtaining independent comments and recommendations from the referees, clients and consultants.

8.2.3 Inspection of Applicant's Premises and Facilities

This is an important step in the registration process, where a team from the Secretariat or its appointed agents inspects the Contractors facilities. Based on transparency, it is recommended that at least two officers shall visit and inspect the offices, workshops, properties and projects executed or other facilities of the applicant.

It is being proposed that for purposes of first registration in Classes 4 through to 5S and 6L or upgrading to Classes 4 and 5, the Council may request members of the Provincial Technical Committee or any other competent person to do the inspections. Inspections for Contractors in Classes 1 to 3 should preferably be carried out by the Secretariat's own

officers, owing to the scope of contractors involved, and need for careful scrutiny as they execute works of large magnitude.

Applicants shall provide local transport for physical visits to premises, project sites and other facilities.

Any person who makes the inspection is required to fill an inspection form that will be signed by the inspectors and the contractor being inspected.

8.2.4 Data Evaluation

When the inspection of offices, establishment and projects have been completed, the Secretariat will evaluate the data collected and compare it against the criteria established in Appendices IV a & IV b to recommend on a Proper Class of Registration or Upgrading.

8.2.5 Council's Approval

The Council or a Committee of the Council responsible for Registration shall consider the recommendation made by the Secretariat for the registration of any contractor and make decision as appropriate.

8.2.6 Determination of Appropriate Class

In determination of appropriate class for registration as a contractor, it is recommended to establish an objective system of awarding points to the various criteria. In the event of an applicant meeting or not fully meeting the criteria, points are awarded which are also based on the relevance of the criteria to the contractor.

The following criteria is being proposed:

(a)	Staff Qualifications	25 pts.
(b)	Plant & Equipment	20 pts.
(c)	Office & Service Facilities	10 pts.
(d)	Health & Safety Practices	5 pts.
(e)	Financial Status	20 pts.
(f)	Experience of the Firm	<u>20 pts.</u>
	Total	<u>100 pts.</u>

An applicant who scores an aggregate of 60 points and above, but not less than half of the points in any criteria shown under subparagraphs (a) through (f) shall qualify for registration. A Detailed Evaluation Criteria is as shown in Appendix VII.

8.2.7 Processing Time

Under normal circumstances, if the submissions are complete and in order, it is best practice to set a processing time, which should not exceed 45 days, dependent on the sittings of the Registration Committee.

It is being proposed that there should be a simple registration procedure for small-scale contractors taking very short time, for which the Council or Registration Committee could delegate powers for the Registrar to approve on their behalf. For medium to larger contractors verification of information is much more critical and may take longer, and will definitely require Registration Committee or Council approval.

8.2.8 Upgrading

Registered contractors who have acquired sufficient experience in their current classes may at any time apply for upgrading to a higher grade. Procedures for Upgrading will also involve application. Moreover, in the event of Upgrading, the need for References from Clients, Consultants & Others is of paramount importance.

8.2.9 References

In the course of processing applications, references will be obtained from consultants, clients and construction industry professionals.

8.2.10 Registration

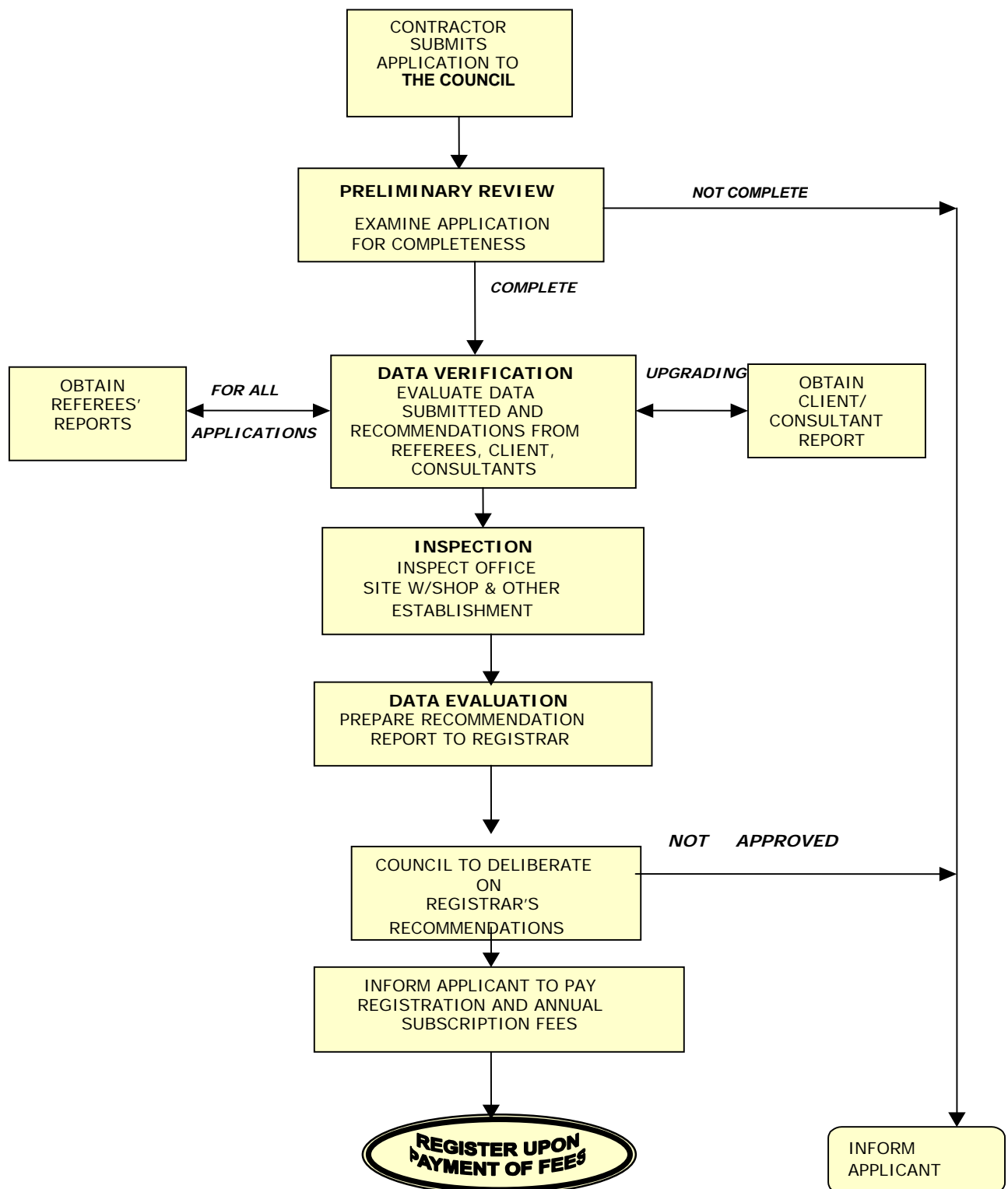
Applicants whose applications have been approved by the Council will be notified immediately and asked to pay, within sixty days, Registration and Annual Subscription Fees commensurate with the Class, Type and Category of Registration.

An applicant who fails to pay the prescribed registration fees and annual subscription within sixty (60) days shall have his approval revoked.

A Registered Contractor should be issued with a Registration Certificate within two weeks after making payment.

A Flow Chart for Processing Applications is as shown in Figure 1 below.

Figure 1:Flow Chart for Processing Applications



8.3 Validity of Registration Period

To ensure that the status of contractors is updated on a regular basis, it is being proposed that the Registration Period be limited to a three (3) year period, following which the registration will automatically lapse and the contractors will be compelled to renew their registration. Registration will have to be done one month before the expiry date.

However Part III, Sub-Section 7(7) of the NCC Act stipulates that '*A certificate for registration issued under subsection (5) shall be valid for one year*'. The one (1) year validity period is seen as too short a time for the contractor to undertake business, achieve growth and access whether to renew in the next year based on the performance of the economy, where sometimes contractors go a long period without work. Also there is the issue of cost of renewal both to the contractor and the Council, as there will be a lot of associated registration renewal activities such as inspections, verification etc. There will also be the need for NCC to examine its human resource capacity to undertake renewal on an annual basis.

Based on the above, it is being recommended that the validity period be three years instead of the current one-year as stipulated in the Act.

8.4 Register of Contractors

Following Registration, the following information on the Contractor will then be entered into the Register of Contractors.

- ❑ the date of entry;
- ❑ the name and contact addresses (postal, e-mail, website);
- ❑ the registration number;
- ❑ the class registered in;
- ❑ the capital and other financial resources;
- ❑ tools, plants and equipment;
- ❑ physical premises;
- ❑ the key managerial, professional or technical and other personnel;
- ❑ directors or partners, one or more of whom shall be technically qualified and experienced in the relevant works as described by the council;
- ❑ in the case of an individual, the qualifications and skills as prescribed by the council necessary to enable him to discharge in satisfactory manner the obligations which he may reasonably be expected or called upon to undertake as a contractor belonging to the category, type and class in respect of which registration is being sought;
- ❑ annual turnover of construction activities;
- ❑ whether foreign or local;

- ❑ duration of registration;
- ❑ date of exit (if any), with reasons;
- ❑ type of registration; and
- ❑ any other particulars for which the council may, from time to time, direct.

Members of the public could access the Register through a formal request, commonly known as search, specifying the information that they require. This service can be offered at a fee or upon the discretion of the Registrar, based upon the importance of the information.

For ease of management of the registration information, the information on the Register could also be entered and maintained in a Relational Database, which could be integrated into a Management Information System (MIS).

8.5 Publication of Directory of Contractors

To ensure that the public is aware of the Contractors Registration Status, a Directory of Contractors should be published by the Council on an annual basis, and updated at least quarterly, which will contain information including Name and Contact of Contractor, Registration Category, Classification and any other information that may be deemed of relevance to the public. This should be sent regularly to the stakeholder agencies.

9.0 OTHER REGULATORY & PROMOTION FUNCTIONS

9.1 Enforcement

Registration of Contractors is one step towards regulating the contracting industry. However, in order to ensure that there is fair play, transparency, honesty and respect among contractors and that the conduct of contractors is ethical, it is necessary to enforce the contracting industry. The National Council for Construction has the role of ensuring that contractors abide to contracting laws and regulations and that they abide to safety regulations affecting workmen and the general public. Once the Registration Scheme, is operational, NCC will quickly realize that there is need to ensure that the construction industry in Zambia is served by competent contractors who observe business ethics and care for quality and safety of workmen and public at large.

This will require the establishment of a dedicated Department for Enforcement within NCC to co-ordinate this function.

This Department will also address various issues raised during the Study requiring redress including:

- (a) Enforcement of Code of Conduct
- (b) Complaints on Corruption & Non-Performance from the General Public
- (c) Complaints from Contractors regarding other Stakeholders
- (d) Adherence to Occupational Health & Safety aspects

9.2 Promotion

Most of the initiatives being taken to develop the construction industry are fragmented and lack central co-ordination to ensure synergy and provide for great multiplier effect. In line with the registration and regulatory functions, NCC also has within its mandate, the role of promoting contractors so as to provide for a sustainable contracting capacity.

For the Zambian construction industry to undergo transformation, there is need for contractor promotion to be given due impetus. Promotion of Contractors will also require the establishment of a dedicated Department to promote contractors. This Department will guide the NCC in achieving and co-ordinating the various development initiatives that are required to promote Contractors. These initiatives may include, but not be restricted to:

- (i) Promotion of Training in various aspects of Construction Business
- (ii) Dissemination of Information and Networking, including

- publication of newsletters
- (iii) Promotion of Partnerships and Joint Ventures between Local and Foreign Contractors
- (iv) Research on Construction Business
- (v) Promotion of co-operative approach in addressing issues of Policy, Credit and Equipment.
- (vi) Promotion of Best Practice
- (vii) Collection of data on the industry to facilitate proper monitoring of the industry and planning of initiatives.

10.0 SUSTAINABILITY OF THE SCHEME

10.1 Sustainable Resources

The Establishment of a Register of Contractors, should ensure a sustainable approach where the operation and maintenance of the Register, including administrative costs, inspection and registration costs is sustained by way of fees collected in the Registration Process.

In addition, since NCC does have the mandate to regulate and promote the contracting industry, it is advisable that it identifies and seeks own funds for the regulation and promotion of the contracting industry. This will enable it not to be donor-dependent, and able to properly address interventions necessary for the promotion of Contractors.

While the actual registration process itself, may comparatively not be deemed to require a lot of resources, the Regulation and Promotion aspects would however demand a lot of resources.

It is thus necessary to develop a fee structure that takes into consideration the above.

Sources of Revenue would include:

- (a) Application Fee; *for processing the application.*
- (b) Registration Fees; *one time fee paid at the time of Registration.*
- (c) Annual Subscription Fees; *paid upon registration, and thereafter on an annual basis.*
- (d) Renewal Fees; *paid by existing contractors when renewing registration status.*

Application Fees should be flat fees charged irrespective of the type, class and category of the contractor and which basically cover costs for processing of the applications.

Registration and Annual Subscription Fees should be graded fees that are used for the operation of the Registration Scheme, Regulation and Promotion of Contractors. It is recommended that these fees be graded based upon:

- (a) Whether local or foreign; foreign contractors execute more works and should contribute towards the industry promotion accordingly;
- (b) Categorization (building, civil, roads, electrical, mechanical, mining etc.); civil and roads contractors do more works of higher

- value than buildings or electrical contractors and should thus be charged accordingly;
- (c) Sub-categorization; contractors registering under the sub-categories should be charged less than those registering under the main categories;
 - (d) Classification; contractors in higher classes execute works of higher value than those in lower classes and should thus contribute accordingly.

However, since registration fees are fees paid only once, the Council should consider the annual subscription fees and possibly the renewal fees as the sustainable means of revenue for budgeting purposes. Registration Fees can only positively be determined during the first year of operation, as it will be a mandatory requirement for all to register.

There are a number of options, to arrive at the Fees.

Application and Renewal Fees should generally cover the costs for Registration and Renewal respectively.

The Annual Subscription and Registration Fees could be established by determining the various costs related to maintaining the Register, regulation and promotion and distributing them within the various groupings and classifications. An alternative method is basing it on a marginal percentage of perceived profit based on the annual turnover. This option however requires analysis of data, which may not be available. In determining the fees, need be taken of consideration of immediate, medium and long-term needs.

For purposes of comprehension, Fee Structures applicable in other countries are shown in Table 17 below:

Table 17: Comparative Fee Structure

Country	Local/ Foreign	Application Fee (USD)	Registration Fee (USD)	Annual Subscription Fee (USD)
South Africa	<i>Local & Foreign</i>	40 – 120	40 - 120	30 – 6,250
Egypt	<i>Local</i>			
	<i>Foreign</i>		160	1,600
Tanzania	<i>Local</i>	10 – 15	25 – 300	30 – 1,500
	<i>Foreign</i>	10 – 15	5,000 – 10,000	2,000 – 10,000

As the Council does not have other income generating activities currently, there is need for some initial capital requirements for establishment, which must not depend on the fees. Dependency on fees in the establishment of

the Registration Scheme may result in the non-take off of the scheme, as the Registration may be held – up at ransom by the registrants. To avoid this situation, it is strongly recommended that the NCC should seek funds from the Government, possibly with assistance from the donors to fund at least the first and second year of operations of the Registration Scheme. Thereafter, a review may be made based on the operations then.

10.2 Establishment Costs

Establishment Costs for the Registration Scheme will include: Capital Items, Salaries, Consultancies, Awareness & Sensitization Forums, Capacity Building, Registration Costs, Travel, Stationeries and Office Running Expenses.

NCC have committed themselves towards implementing the scheme through already committed funds (GRZ and IDA) which will cover a large part of the Capital Expenditure, Salaries, Establishment of Management Information System, Awareness Forums, Registration Costs, Travel, Stationery & Office Running Expenses.

Assistance and financial support will have to be sought for Procurement of Vehicle and Capacity Building, which includes Study Tours and other measures aimed at providing the necessary capacity for successful implementation of the Scheme which amounts to about USD 75,000.

The Establishment Budget, also indicating NCC's commitment is shown as Appendix XIX.

Based on the current structure of NCC, where it does not have a qualified Accountant to manage its finances, and based upon the transactions and financial aspects that will be involved once the scheme is operational, it is being proposed that NCC recruits a qualified Accountant to manage its finances.

10.3 Commitment

For eventual success of the scheme, the government's commitment and support to the scheme, together with that of other stakeholders including the donor community is primary. Without this, the scheme is bound to fail. Continuity of work for those bona fide contractors under the scheme will go a long way in achieving growth and promotion of the contractors.

There also arises the need to ensure effective commitment from the Council in ensuring timely implementation of the Registration Scheme. An important aspect is the establishment of the Secretariat, which will take over full – control of the Registration process within one – year. There is

need to ensure that the interim arrangement has a specific time frame, and it does not become a permanent arrangement.

10.4 Capacity Building

In establishment and maintenance of the scheme, there will be a need to provide due impetus to capacity building. The capacity building measures should be instituted to the Council staff and also to the agents, i.e. Associations and Provincial Technical Committees who will be involved in the Registration, Regulation & Promotion of Contractors. This will ensure a uniform approach and understanding of the Registration Scheme and other aspects.

Since seeing is believing, the Capacity Building could also involve study tours to establishment in other countries which are registering contractors such as Construction Industry Development Board (CIDB) of South Africa, Contractors Registration Board of Tanzania, Egyptian Federation for Construction and Building contractors (EFCBC) and Building & Construction Authority (BCA) of Singapore. Cognisance need be taken of the need to merge best practice from those countries of a similar level of development and those that are at a higher level of development.

10.5 Timely Payment

The issue of delayed payment has been identified as a major stumbling block impeding the growth of contractors. The NCC together with the Associations should strongly lobby for the government to commit itself to cash accounting, where works are not procured until monies are set aside for works, and which will ensure timely payment. Moreover, the Government should commit itself towards meeting its obligations with the contractors so as to facilitate sustained growth of the construction industry.

10.6 Client Awareness & Implementation of the Scheme

Upon establishment of the Scheme, the need for clients to embrace and properly utilize the scheme for their benefit is primary for the eventual success of the scheme.

This will depend a lot on the fairness and transparency exhibited by NCC during the registration process and the final outcome in terms of the capability and competency of contractors. If the contractors registered do not meet the expectations of the various stakeholders, they will not find the need to embrace the Scheme, which may result in its downfall.

In the absence of protected categories, there is even more need for the various clients to properly package and define the works for the various

classes. It will not be fair, if in the existence of a Registration Scheme, a Small Vegetation Contract of say K 10 million is left open to all contractors including Classes 1 – 3. The Works should be restricted to 5 and below to allow fair competition and promote the emerging contractor.

10.7 Feedback & Evaluation

For the success of any programme, it is necessary that there should be in place a mechanism for evaluation and feedback on the acceptance, validity and success of the scheme.

It is thus important that the Council should put in place a mechanism to evaluate the Registration Scheme and other initiatives. This could be done through various options including surveys, stakeholders meetings or annual returns to be submitted by contractors.

There should also be a mechanism in-house to monitor the effectiveness of the scheme such as planning and review meetings, which will plan and review the various performance targets.

Based on the feedback, an evaluation of the Act, Regulations, and Procedures & Criteria governing the Registration, Regulation & Promotion of Contractors could be reviewed to facilitate improvement. Comprehensive Reviews could be implemented on a five-year basis, with mid-term reviews also being carried out in between.

11.0 WAY FORWARD

The establishment of a Registration Scheme for Contractors is long overdue, as exhibited in the various Reports and Studies including Kampsax Study of 1995, Mid-Term Review of ROADSIP of 2000 and the Comprehensive Study of the Construction Industry and as verified by the interviews, consultations and quantitative survey conducted by the Study. It is thus apparent that the Scheme should be implemented immediately.

The National Council for Construction has already taken some positive initiatives in this direction, including developing Registration Guidelines, which this Report has discussed.

In order to establish an effective Regulatory and Development Scheme for sustainable development of contractors, it is important that the necessary framework, be in place.

This Report thus proposes the following Implementation Strategy as shown in Figure 2 below in fulfilment of establishment of the Registration Scheme and Implementation of the Report findings:

It is important to recognize at this juncture, the importance of putting in place a holistic framework that will ensure the sustainable development of contractors.

For this to take place, the institution of a Registration Scheme, is a primary catalyst. However, this alone will not provide for the sustainable growth and development of contractors, as there is need for a framework for their regulation and development. A critical move in this direction is NCC taking the initiative to regulate and promote contractors. This will eventually allow focusing and monitoring of various initiatives, so as to allow for sustainable development.

In conjunction with the appointment of a Registration Committee to oversee the Registration function, it is also being proposed that there also be appointed a Committee from the Council to oversee Development & Regulation of Contractors, based on the importance of harnessing contractor development initiatives. Prior to establishment of a full time Secretariat to deal with regulatory and development aspects, this committee will oversee all aspects of the promotion of the industry. As a first step, this committee will aim at consolidating on various recommendations highlighted in previous studies with an aim of synergizing and coming up with a mid and long-term plan that will guide contractor development.

Figure 2: Implementation Strategy for Establishment of Regulation & Development Framework

S/N	Activity	Responsibility	Time Frame	2 nd Half 2004												Year 2005												2006
				J	J	A	S	O	N	D	J	F	M	A	M	J	J	A	S	O	N	D	J	F				
1	Adoption of Findings of the Study by NCC Council	NCC	Up to mid-November 2004																									
2	Nomination of Registration Committee within NCC to oversee Registration function.	NCC	Up to Nov. 2004																									
3	Nomination of Contractor Development and Regulation Committee to oversee Contractor Development & Regulation.	NCC	Up to Nov. 2004																									
4	Appointment of Registrar to manage Registration Function	NCC	Up to Dec. 2004																									
5	Establishment of Memorandum of Understanding (MoU) with Associations (ABCEC & NASSC) to act as Agents for NCC on an Interim basis, pending the establishment of capacity within NCC.	NCC, ABCEC, NASSC	Up to Jan. 2005																									
6	Nomination of independent Committees in the Provinces to assist the NCC and Associations to vet the applications.	NCC, ABCEC, NASSC	Up to Jan. 2005																									
7	Establishment of Procedures and Criteria, which are to be issued as part of the Application Forms.	NCC	Up to Feb. 2005																									
8	Establishment of Evaluation Mechanism, including Reporting Format.	NCC	Up to Feb. 2005																									
9	Sensitization of the different parties involved in the Registration Process on their responsibilities.	NCC	Up to Feb. 2005																									
10	Capacity Building; Study Tours & In-House Training	NCC	Up to Mar. 2005																									

S/N	Activity	Responsibility	Time Frame	2 nd Half 2004												Year 2005												2006									
				J	J	A	S	O	N	D	J	F	M	A	M	J	J	A	S	O	N	D	J	F													
11	Procedures & Criteria for Registration to be Gazetted to have the necessary legal mandate. Includes Application Forms, and the various tools necessary for facilitation of the Registration Process.	NCC	Up to mid-Feb. 2005																																		
12	Code of Ethics and Practice of Contractors also to be established to ensure professionalism within the contracting industry.	NCC	Up to mid-March 2005																																		
13	Operation of the Registration Process.	NCC	Up to Feb. 2005																																		
14	Issuing of Certificates	NCC	Up to Feb. 2005																																		
15	Establishment of Registration, Enforcement & Development Departments under the Registrar to carry out the various functions related to the contracting industry.	NCC	Up to Nov. 2005																																		
16	Operation of Enforcement & Development Functions	NCC	Up to Nov. 2005																																		
17	Appointment of Secretariat to oversee Registration, Regulation & Development functions	NCC	Up to Feb. 2006																																		
18	Review of Act, Regulations, Procedures & Criteria whenever necessary to facilitate the registration, regulation and development functions.	NCC	Ongoing																																		

For the eventual success of the scheme, NCC should also aim at addressing the various interventions, which will ensure the success of the scheme.

There is need to seek the Government commitment and acceptance of all stakeholders in supporting the scheme. Failure in achieving this may deter the benefits to be realized from the registration scheme.

A Registration Scheme that is fair and transparent will go a long way in realizing the objective of having a sustainable Zambian Construction Industry with the ability to participate competitively and undertake works effectively with continuous growth and performance to meet current and future needs of the contracting industry.”

APPENDICES

SCHEDULE OF APPENDICES

Appendix I –	Proposed Categorization & Description
Appendix II a –	Proposed Registration Criteria
Appendix II b –	Proposed Registration Criteria for Labour Based Contractors (Classes 4 – 6 L)
Appendix III –	Proposed Job Descriptions
Appendix IV –	Proposed Anti-Bribery Pledge
Appendix V –	Proposed Application Form
Appendix VI –	Quantitative Analysis of Resources
Appendix VII –	Evaluation Criteria
Appendix VIII –	Terms of Reference
Appendix IX –	Study Team Work Programme
Appendix X –	List of Documents Reviewed
Appendix XI –	Questionnaires
Appendix XII –	List of Stakeholders Interviewed & Questionnaires Issued
Appendix XIII –	Summary of Quantitative Analysis
Appendix XIV –	Team Members and their Roles
Appendix XV –	Proposed Contractor Regulation & Development Organization Structure
Appendix XVI –	Existing Contractor Application Form
Appendix XVII –	Current NCC Registration Guidelines
Appendix XVIII –	Review of Other Countries Experiences in Registering Contractors
Appendix XIX –	Budget for Establishment of Registration Scheme

NB Only Appendices I-V and XV have been included in this file. The other Appendices can be obtained upon request

Table 1: DESCRIPTION OF CONSTRUCTION ACTIVITIES

Category Code	Type of Category	CONSTRUCTION ACTIVITY	DESCRIPTION
R	Main Category	General Roads & Earthworks	All activities related to General Roads & Earthworks and as defined in Sub-Categories Ra, Rb, Rc, Rd and Re according to the criteria.
Ra	Sub-Category	Bituminous Surfacing & Paving Applications	Construction of Hot and Cold Asphalt Paving Surface including Surface Dressing & Slurry Sealing over large sections.
Rb	Sub-Category	Bridges & Drainage Structures	Construction & Maintenance of Minor Bridges & Drainage Structures including Box Culverts, Fords & Drifts, Culverts, Drains, Lining & Stone-Pitching etc.
Rc	Sub-Category	Off-carriageway Rehabilitation & Maintenance	Includes construction and maintenance of drainage lines, shoulders, slopes, verges and road furniture. Activities include: construction, repairing and clearing of shoulders; construction & reshaping side drains, repairing and cleaning culverts and drains, vegetation control, erosion control, repairing and replacing road signs and guard rails.

Rd	Sub-Category	On-carriageway Rehabilitation & Maintenance	<p>Includes Rehabilitation & Maintenance of Unpaved Roads including limited works on Paved Roads eg. pot-holes repair, localized repairs, minor surfacing, full-width resurfacing, and includes limited geometrical improvements.</p> <p>Specific activities for Unpaved Roads include: Clearing; Earthworks including Cuts & Fills; Compaction; Gravelling; Removal of Sand and Debris from the Riding Surface; Dragging and Shallow Grading; Light/ Heavy Grading with re-profiling and/or re-compaction; Filling & Patching; Spot-Gravelling; Re-Gravelling; Dust Control measures.</p> <p>Specific activities for Paved Roads include pot-hole patching, application of slurry seals, crack-sealing, fog sprays, enrichment treatments, single or double treatments; thin asphalt applications (typically 30mm or less in thickness) and localized base reconstruction to limited sections and Re-painting Road markings.</p>
Re	Sub-Category	Road Markings & Road Furniture	<p>Provision of Road Markings and/or Road Furniture including: Traffic Signs; Rails & Posts; and White Lines and Reflective Studs</p>

**Table 1: CRITERIA FOR REGISTRATION OF GENERAL ROADS & EARTHWORKS CATEGORY & SUBCATEGORIES
(R, Ra, Rb, Rc, Rd, Re)**

**REGISTRATION REQUIREMENTS FOR PERMANENT PERSONNEL, PLANT/ EQUIPMENT, TOOLS, SAFETY GEAR &
OFFICE & SERVICE FACILITIES**

RESOURCES	CLASS 1	CLASS 2	CLASS 3	CLASS 4S	CLASS 5S	CLASSES 4 - 6L	REMARKS
						See Table 2	
KEY STAFF (Attach CV's)							
A.							
1. Head of Organisation	1	1	1	1	1		
2. Structural/Civil Engineers	2	1	1	-	-		
3. Quantity Surveyor	1	1	-	-	-		Holder of Diploma or Degree
4. Land Surveyor	1	1	1	-	-		Holder of Diploma or Degree
5. Civil Engineering Technicians	5	3	1	1	1		Holder of Technicians Certificate or equivalent
6. Artisans	6	4	1	1	1		Roads Training Certificate or Equivalent
7. Workshop Engineer/ Technician	1						
8. Workshop Mechanics	1	1	-	-	-		
9. Financial Accountant - ZICA Member	1	1	-	-	-		
10. Bookkeeper-Accounting Diplome/ On job trained	1	1	1	1	-		

B. PLANT AND EQUIPMENT							
1. Bull Dozers (Min capacity 120)	2	1	-	-	-		
2. Graders (Min. capacity 100 HP)	3	2	1	1**	-		
3. Loaders (Min. Capacity 100 HP)	3	1	-	-	-		
4. Vibrating Rollers (Min. capacity 10 T)	3	1	-	-	-		
5. Tandem Rollers (Min. capacity 10T)	2	1	1				
6. Dead Weight Roller	-	-	-	1	1		
7. Pneumatic Tyre Rollers	2	1	-	-	1*		
8. Pedestrian Rollers	4	3	2	2	1		
9. Plate Compactors	3	2	1	1	1		
10. Water Bowsers	2	1	1	1**	1**		
11. Tippers	6	4	2	1	-		
12. Backhoes/Excavator	3	2	-	-	-		
13. Agricultural Tractor/W/Loader	1*	1*	1	1	-		
14. Low Loader	1	1*	-	-	-		
15. Non-tipping Truck	2	1	1	1*	-		Min capacity 3T
16. Light Duty Vehicles	6	3	2	1	1		Pick-up/Station Wagon/Van
17. Concrete Mixers	4	2	1	1*	1*		
18. Air Compressors	3	2	1		-		
19. Water Pumps	3	2	1	-	-		
20. Poker Vibrator	4	3	1	1	-		
21. Hoisting Equipment	2	1	-	1	-		
22. Generator Sets	2	1	1	-	-		

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23. Welding Sets	2	1	1	-	-		
24. Mechanical Broom	1	1*	-	-	-		
25. Asphalt Plant	1*	-	-	-	-		
26. Asphalt Paver	1	1*	-	-	-		
27. Chipping Spreader	1	1	-	-	-		
28. Stone Crusher	1*	-	-	-	-		
29. Bitumen Distributor or Sprayer	1	1	-	-	-		
30. Boiler & Sprayer (Small/Portable/ Mobile)	-	-	1*	1*	-		
31. Levelling Instrument	3	2	1	1	-		
32. Theodolite/Total Station	2	1	-	-	-		
33. Road Marking Machine				2****	1****		
34. Assortment of Hand Tools (Set of shovels, hand compactors, pick axes, hoes, wheel barrows etc.)	70	60	50	40	30		
C. SAFETY GEAR	<i>(Every person on a construction site must be provided with appropriate safety gear)</i>						
1. Health & Safety Policy	OHS Policy	OHS Policy	OHS Policy	OHS Policy	OHS Policy		
2. Helmets	50	30	20	10	5		These are minimum stocks. Additional requirements to be procured on project
3. Boots (pairs)	50	30	20	10	5		

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4. Gloves (pairs)	50	30	20	10	5		
5. Reflective Jackets (pairs)	50	30	20	10	5		
6. Traffic Cone	25	20	15	12	8		
7. First Aid Kit	1	1	1	1	1		
OFFICE & SERVICE D. FACILITIES							
1. Storage Yard m ²	1000	600	300*	100*	-		
2. Service W/Shop m ²	200	100	100*	-	-		
3. Office m ²	100	60	30	10	10		

* Recommended but not Mandatory.

** May be towed type.

*** May be retained on a part-time basis

**** Applies for those seeking for Registration under Road Marking Sub-Category

Table 2: CRITERIA FOR REGISTRATION OF LABOUR BASED CONTRACTORS - CLASSES 4L - 6L
REGISTRATION REQUIREMENTS FOR TECHNICAL PERSONNEL, PLANT & EQUIPMENT, HAND TOOLS,
CONTROL AIDS, SAFETY GEAR & OFFICE SERVICE FACILITIES

	RESOURCE	CLASS 4L	CLASS 5L	CLASS 6L	REMARKS
A.	KEY STAFF				
1	Head of Organisation	1	1	1	
2	Labour Based Trained Engineer	1*	-	-	
3	Labour Based Trained Supervisor/ Technician	3	2	1	
4	Artisans	2	1	1	
5	Bookkeeper-Accounting Diplomate/ On job trained	1	1**	-	
B.	PLANT & EQUIPMENT				
1	Tow Grader(s)	1	1*	-	
2	Tipper(s)	1	1*	-	May be interchangeable with Tractor/Trailer
3	Tractor(s)	1	1	-	
4	Trailer	2	1	-	
5	Towed Water Bowser	1	1	-	
6	Pedestrian Roller	2	1*	-	
7	Dead Weight Roller	1	1	-	
8	Plate Compactor	1	-	-	
9	Bitumen Boiler & Sprayer (Small/Portable/Mobile)	1*	-	-	
10	Pick-Up/ Van	1	-	-	
11	Motor-Cycle	1*	1	-	
12	Bicycle	-	-	1*	
C.	HAND TOOLS				
1	Pick Axes/ Mattocks	50	30	5	

2	Hoes	30	20	5	
3	Shovels	60	30	5	
4	Spreaders	30	15	5	
5	Wheel Barrows	20	10	5	
6	Earth Rammer	6	4	2	
7	Watering Cans/ Buckets	10	5	5	
8	Water Storage Drums (200l)	2	2	1	
9	Matchettes	20	10	5	
10	Slashers	20	10	5	
11	Head Pans (Karais)	30	20	5	
	D. CONTROL/ MEASUREMENT AIDS				
1	Camber Boards	10	5	2	
2	Profile Boards	20	10	5	
3	Line Levels	4	2	1	
4	Spirit Levels	10	5	2	
5	Ditch Templates	15	10	3	
6	Side Sloping Templates	15	10	3	
7	Ranging Rods	20	10	5	
8	Boning Rods (set of 3)	4	2	1	
9	Tape Measures (30m)	6	4	2	
10	Tape Measures (5m)	6	4	2	
	E. SAFETY GEAR				
1	Health & Safety Policy	OHS Policy	OHS Policy	OHS Policy	
2	Helmets	10	5	2	
3	Gum Boots (pairs)	10	5	2	
4	Gloves (pairs)	10	5	2	
5	Reflective Jackets	10	5	2	
6	Reflective Cones	12	8	4	

7	First Aid Kit	3	2	1	
F.	OFFICE & SERVICE FACILITIES				
1	Office (m2)	20	15	10	
2	Repair Workshop/ Store (m2)	50	30	-	

* Recommended but not Mandatory

** Can be employed on a part time basis

JOB DESCRIPTIONS

REGISTRAR

This is a senior managerial position. The Registrar will report to the Executive Director regarding all matters pertaining to the Registration, Regulation and Promotion of Contractors. Specifically this will include:

- ❑ Establishment and Development of Procedures and Criteria for the proper registration of contractors.
- ❑ Advising the Council or Registration Committee on Registration of Contractors in accordance with the Act and laid-down procedures.
- ❑ Collecting the necessary data so as to ascertain the status of registration, regulation and promotion of contractors.
- ❑ Recommending for the Registration, Upgrading, and Deletion of Contractors in line with the stipulated procedures.
- ❑ Acting as Secretary to the Registration Committee
- ❑ Reviewing the Status of Contractors as may be deemed appropriate from time to time.
- ❑ Regulating the conduct of contractors to ensure that they abide to professional ethics, safety at the work place and good conduct.
- ❑ Initiating & Co-ordinating Promotion Initiatives for Contractors.
- ❑ Advising the Executive Director on matters pertaining to contractors and for the better functioning of the Act.
- ❑ Preparing Reports on Registration, Regulation & Promotion of Contractors
- ❑ Ensuring that the Registration Scheme is operated in a cost-effective and sustainable manner.
- ❑ Any other duties as may be assigned by the Executive Director from time to time.

Qualifications

A construction industry practitioner with more than 10 years experience practicing as a professional in the construction industry related fields namely; Architecture, Quantity Surveying, Land Surveying, Engineering.

Other attributes;

Should have strong interpersonal and communication skills and should be computer literate.

REGISTRATION OFFICER

This is a Principal Officer position. The Registration Officer will report to the Registrar regarding all matters pertaining to the Registration of Contractors. Specifically this will include:

- ❑ Examining applications for completeness of details and advising applicants on any shortfalls if any.
- ❑ Carrying out verification of information submitted as to whether it complies with the necessary criteria.
- ❑ Carry out physical inspections to verify information submitted.
- ❑ Analysing information for the purpose of determination of the proper registration status of contractors.
- ❑ Preparing Reports for Registration Committee
- ❑ Entering of Contractors Information in the Register
- ❑ Collecting and maintenance of information necessary for the Registration of Contractors
- ❑ Reviewing the Status of Contractors as may be deemed appropriate from time to time.
- ❑ Advising the Registrar as regards Registration, Upgrading, Downgrading or Deletion of Contractors
- ❑ Advising Registrar on improvement of Procedures and Criteria necessary for proper Registration of Contractors.
- ❑ Any other duties as may be assigned from time to time.

Qualifications

A construction industry practitioner with more than 3 years experience practicing as a professional in the construction industry related fields namely; Architecture, Quantity Surveying, Land Surveying, Engineering.

Other attributes;

Should have strong interpersonal and communication skills and should be computer literate.

REGISTRATION COMMITTEE

The Registration Committee will on behalf of the Council be responsible for Registration of Contractors.

Specifically this will include:

- ❑ Advise the Council on improvement of Procedures, Criteria and other matters related to Registration and to provide for the better functioning of the Act.
- ❑ Receive Recommendations from the Secretariat on the proposed Registration Status for Contractors.
- ❑ Verify that the Recommendations adhere to approved Procedures & Criteria.
- ❑ Approving the Registration for Contractors.
- ❑ Ensuring that Proper Procedures are being adhered to in respect to Registration of Contractors.
- ❑ Ensuring that Proper Records on the Registration Status of Contractors are being maintained.
- ❑ Ensure the Review of Status of Contractors from time to time.
- ❑ Approve Upgrading, Downgrading and Deletion of Contractors in line with the Procedures as spelt out in the Act and Regulations.
- ❑ Advising the Council on any other matters pertaining to Registration of Contractors.

Qualifications

Members of the Council with construction industry related experience and who have no vested interests in the Registration Process.

NATIONAL COUNCIL FOR CONSTRUCTION

Anti-Bribery Pledge

(To be signed by all applicants for First Registration or Upgrading)

M/s(name of applicant)

Recognises that corruption has a devastating impact on the social and economic development of any country. We share in the growing global consensus that action is needed to strengthen transparency and accountability, particularly in international development, trade and investment.

M/s therefore pledges to support the efforts of the Government of Republic of Zambia and to participate, along with the National Council for Construction and other members of the business community and financing institutions, in forming coalition against corruption.

M/s welcomes the action taken by the Government to strengthen transparency and accountability. In this context, we will:

- (i) Not offer or give any bribes or any other form of inducement to any public official in connection with a pending bid;
- (j) Not permit anyone (whether our employee or an independent commission agent) to do so on our behalf;
- (k) Make full disclosure in our bids of the beneficiaries of payments relating to the bids to any person other than our employees but including bonus payments which may be made to employees;
- (l) Formally undertake to issue instructions to all our employees and agents or other representatives in Zambia directing them at all times to comply with the laws of Zambia and in particular not to offer or to pay bribes or other form of inducement to officials, whether directly or indirectly.

.....
*(to be signed by Chief Executive Officer
of the firm)*

.....
Date

NATIONAL COUNCIL FOR CONSTRUCTION

P.O. Box 39548, Plot 1609/1625
Off Sheki Sheki Road (Roads Training School)
Light Industrial Area
Lusaka, Zambia

Telefax: (2601) 243115

Email: ncc1@zamnet.zm

Website: <http://www.ncc.co.zm>

APPLICATION FOR FIRST REGISTRATION OR UPGRADING OF CONTRACTORS

In terms of The National Construction Act (Act No. 13 of 2003)

Instructions to Applicants:

- a) Print clearly using black ink;
- b) Attach a separate sheet where space on the form is limited;
- c) Copies of all certificates attached must be "Certified True Copies" and where applicable must be translated into the English language;
- d) Applicants failing to provide complete information within 12 months from the date of first submission will have their applications dismissed without refund of application fees.
- e) Grey shaded items need not be filled by first registration applicants;
- f) Completed applications are to be submitted to :

1.0 COMPANY DETAILS

1.1 Name of Registered Company

1.2 Trading Name (if different)

1.3 Registered Office Address:-

Physical

Postal

Tel No/s: Fax No:

E-mail: Internet Website.....

1.4 Branch Office/s Address/s in/or outside Zambia (if different):-

Physical.....

Postal

Tel No/s: Fax No:

E-mail:

1.5 State whether Listed Company / Limited Company / Partnership or Sole Proprietor

.....

1.6 Type of Contracting Activities³:

.....

.....

1.6 Current Class:.....Registration No:.....Year of Registration:

³

State whether General Building and Housing, General Civil Engineering Works, General Roads & Earthworks or General Mining Services Category. In the event of registration of Sub-Category , specify the Sub-Category.

1.8 Share holding and full names of directors, managers, partners of firms whose signatures will carry authority in decision making matters.

Name	Position	Passport No. / NRC No.	Status (Citizen / Resident / Non- resident)	Shareholding (%)

1.9 Current Business Licence (*not required for new applicants*)

Number: Date issued:

Contact Person: Tel No: Fax No:

CERTIFICATES / DOCUMENTS WHICH MUST BE ATTACHED:

- (1) Copy of company's registration certificate
- (2) Copy of company certificate of incorporation.
- (3) VAT Registration Certificate (if applicable).
- (4) Company TPIN Certificate.
- (5) Investment Licence Certificate (if applicable).
- (6) Curriculum Vitae's of Shareholders/ Partners

2.0 FINANCIAL DATA

2.1 Capital and other financial resources in possession of/or available to, the firm (*Specify & attach certified Bank Statement*)

- (i) Cash in bank
- (ii) Stocks and other securities held and redeemable in Zambia at market prices.....

2.2 Annual Turnover for the last three (3) years

S/N	Fiscal Year	Turnover (K million)	Remarks
1			
2			
3			

2.3 Company's Fixed (immovable) Assets (*Certified Photostat copies of documents proving ownership i.e. Letters of offers or Title deeds should be attached*). **NB: Plant and Equipment are not Fixed Assets for the purpose of registration.**

S/N	Name of Asset	Value (K million)	Document Attached
1			
2			
3			

2.4 State the name, branch, address and contact details of the firms Bankers:

2.4.1 Bank Name:

Branch: Address:

Contact Person: Tel No: Fax No:

2.4.2 Bank Name:

Branch: Address:

Contact Person: Tel No: Fax No:

CERTIFICATES / DOCUMENTS WHICH MUST BE ATTACHED:

- (1) Authority to seek references from firm's Bankers
- (2) Bank statements for the past 12 months.
- (3) Audited Balance Sheets for the previous five (5) years for those firms applying for acceptance in category grades 1 to 4 (certified copies translated into English)
- (4) Statement of Turnover by the Directors of the firm of any turnover which is not reflected in the Audited Balance Sheets for those firms applying for acceptance in category grades 1 to 4 (certified copies translated into English)
- (5) Proof of availability of Bonding/Surety from recognised banks and/or insurance companies

3.0 STAFF DATA

3.1 Key Personnel – Professional⁴ (if not enough space attach separate sheet):

3.1.1	Name:	Position in firm:
	Date of Birth:	NRC / Passport No:
	Date Employed:	Education level:
	Profession:	Professional Membership:
	Professional Membership No:	Validity of Membership (date):
	Working Experience (No. of Years):	
3.1.2	Name:	Position in firm:
	Date of Birth:	NRC / Passport No:
	Date Employed:	Education level:
	Profession:	Professional Membership:
	Professional Membership No:	Validity of Membership (date):
	Working Experience (No. of Years):	
3.1.3	Name:	Position in firm:
	Date of Birth:	NRC / Passport No:
	Date Employed:	Education level:
	Profession:	Professional Membership:
	Professional Membership No:	Validity of Membership (date):
	Working Experience (No. of Years):	
3.1.4	Name:	Position in firm:
	Date of Birth:	NRC / Passport No:
	Date Employed:	Education level:
	Profession:	Professional Membership:
	Professional Membership No:	Validity of Membership (date):
	Working Experience (No. of Years):	

CERTIFICATES / DOCUMENTS WHICH MUST BE ATTACHED:

- a) Curriculum Vitae's
- b) Certified copies of all degrees/certificates (translated into English where applicable)
- c) Certified copies of professional registration (translated into English where applicable)
- d) Give Number and Photostat Copy of Work Permit, in case of foreign nationals)

⁴ Clearly mark Technical Director by "TC"

3.2 Key Personnel – Skills based (if not enough space attach separate sheet):

- 3.2.1 Name: Position in firm:
 Date of Birth: NRC / Passport No:
 Date Employed: Education level:
 Skills:
 Courses attended / Training received:
 Working Experience (No. of Years):
- 3.2.2 Name: Position in firm:
 Date of Birth: NRC / Passport No:
 Date Employed: Education level:
 Skills:
 Courses attended / Training received:
 Working Experience (No. of Years):
- 3.2.3 Name: Position in firm:
 Date of Birth: NRC / Passport No:
 Date Employed: Education level:
 Skills:
 Courses attended / Training received:
 Working Experience (No. of Years):
- 3.2.4 Name: Position in firm:
 Date of Birth: NRC / Passport No:
 Date Employed: Education level:
 Skills:
 Courses attended / Training received:
 Working Experience (No. of Years):
- 3.2.5 Name: Position in firm:
 Date of Birth: NRC / Passport No:
 Date Employed: Education level:
 Skills:
 Courses attended / Training received:
 Working Experience (No. of Years):

CERTIFICATES / DOCUMENTS WHICH MUST BE ATTACHED:

- a) Certified copies of all certificates / trade papers (translated into English where applicable)

4.0 PLANT, EQUIPMENT & TOOLS OWNED:

Name of Equipment	Type/Make/ Model	Capacity(m ³ /ton/ hp)	Date of Manufacture	Registration No/Serial No/ Other Identification Mark	Owned	Remarks

CERTIFICATES / DOCUMENTS WHICH MUST BE ATTACHED:

- a) Copies of registration certificates for all rubber tyred vehicles and plant owned by firm
- b) Proof of ownership of all off-road vehicles, plant & equipment owned by firm

5.0 EXPERIENCE OF THE FIRM

Contracts completed by the firm within the past five years (if not enough space attach separate sheet):

Particulars of Contracts executed by the firm within the past five years with particular reference to Zambia including works carried out as sub-contractor. Please give names of Main Contractors for works carried out as Sub-Contractors. *Evidence required for each Project indicated e.g. Photocopies of first pages of Contract Agreements up to the page containing signatures and seals and Appendices to the contract (Jobs without photocopies of Contract Agreements and those supervised by unregistered consultants will not be considered):*

Project & Location	Main or Sub-contractor	Client and his Address	Consultant and his address	Original Contract Sum (K million)	Final Contract Sum (K million)	Month & Year Started	Month & Year Completed	Extension of Time (if any)	Remarks/ Explanation

2.2 Contracts on hand (if not enough space attach separate sheet):

Project Name	Client / Employer	Consulting Engineer / Architect	Contract Value (K million)	Expected Date of Completion

CERTIFICATES / DOCUMENTS WHICH MUST BE ATTACHED:

- Copies of the latest Interim Payment Certificates for each project, or
- Certificate of Completion
- Reference from the Consulting Engineers / Architects regarding progress on each project, or
- Reference from the Clients / Employers regarding each project

6.0 OFFICE AND SERVICE FACILITIES

Particulars of office, workshop, storage yard, testing equipment and safety gear

Establishment	Size (m ²)	No. of Rooms	Staff		Available Facilities ⁵	
			<i>Position</i>	<i>No.</i>	<i>Type</i>	<i>No.</i>
A. OFFICE						
B. SERVICE WOKSHOP						
C. YARD						
E. SAFETY GEAR						

⁵ To include communication and hygiene facilities if available.

7.0 Technical referees:

Name and physical address of traceable **technical** referees, i.e. Consulting Engineers / Architects / Quantity Surveyors, from whom references may be sought.

Consulting Engineering / Architectural / Quantity Surveying Firm	Contact Person	Physical Address	Telephone No.	Facsimile No.	E- mail

2.7 Client references:

Name and physical address of traceable **clients**, preferably established organisations, government bodies and institutions from whom reference may be sought regarding the firms' performance and reputation.

Client / Employer	Contact Person	Physical Address	Telephone No.	Facsimile No.	E-mail

8.0 CATEGORIES OF CONSTRUCTION ACTIVITIES

The contractor mark below the category of construction in which the firm is experienced. .

Notes:

- a) Only select a category or sub-category in which you have proven ability and capacity;
- b) Contractors approved under the main categories may carry out construction works in any or all of the sub-categories, e.g. a category “C” contractor may tender for and carry out construction works in sub-categories “Ca”, “Cb”, “Cc”, “Cd”, “Ce” & “Cf”.
- c) A contractor may only select ONE (one) main category or THREE (Three) sub-categories in ONE (one) application;
- d) Contractors wishing to apply in more than ONE (one) main category or THREE (Three) sub-categories must submit separate applications.

Indicate your selection in the boxes below:

Main category			
Sub-categories			

9.0 CLASSIFICATION GRADE OF CONTRACTOR

The contractor to indicate below the classification grade within which the firm wishes to register. This selection will also determine the maximum value of contract for which the firm may tender. Mark with an “X” in the row below the selected classification grade.

Notes:

- a) Only select a classification grade where all criteria can be met by the firm;

Indicate your selection in the box below:

Category (From section 8.0 above)	Selected Grade

DECLARATION BY THE APPLICANT:

I/ We the undersigned hereby declare as follows:

- a) that all the particulars and information provided in this application are complete, correct and true and we agree that in the event that any of the said particulars and information provided is found to be untrue or fraudulent, registration as a contractor with the National Council for Construction will be terminated.
- b) that in the event of termination of registration and/or membership any sums paid to the National Council for Construction shall be forfeited and that we shall have no claim or right of action against the National Council for Construction or the respective Contractors' Association.
- c) in the event that the nature of our business changes and/or we no longer carry out operations in terms of our registration as a contractor we will notify the National Council for Construction in which case our registration and membership may be terminated or our classification and categorisation as a contractor may be revised.
- d) the premises that we occupy, the plant, vehicles and equipment that we own, hire or lease and our staffing levels are suitable to carry out construction works in the works category and classification grade selected by us.
- e) The information will be used by the National Council for Construction for the purpose of evaluating this application for registration. Such registration will be approved at the sole discretion of the Council.
- f) Any employer, consultant or banker, past or present, is hereby authorised and requested to provide information on the competence and general reputation of this firm if so requested by the Council.
- g) The Council is welcome to visit and physically inspect my/our establishment and works (contracts) executed, when it deems fit to do so, in order to verify the authenticity of the information given herein, or by our Referees, or obtained from any other source regarding our firm.
- h) Failure to complete any part of this application form may result in not being registered.

This signed on day of 200... at
by the following, who are duly authorised to sign for and on behalf of the applicant by virtue
of an attached Power of Attorney or Board Resolution.

_____	_____	_____
Name (Print)	Signature	Title/Designation

Witnessed by:

_____	_____	_____
Name (Print)	Signature	Title/Designation

_____	_____	_____
Name (Print)	Signature	Title/Designation

For Official Use Only

Application form received on:

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Application received by

--

Application fee paid on:

--	--	--

Receipt No.

--

Processing:

Site inspection on

--	--	--

Site Inspection by:

--

Application submitted to the
Registration Committee on

--	--	--

Approved

☐

Not approved

☐

- **Admitted as a contractor in**
 - 1) Category and Classification Grade.....
 - 2) Category and Classification Grade.....
 - 3) Category and Classification Grade.....

NCC Registration Number

- **Application rejected due to**

.....

.....

Dated:

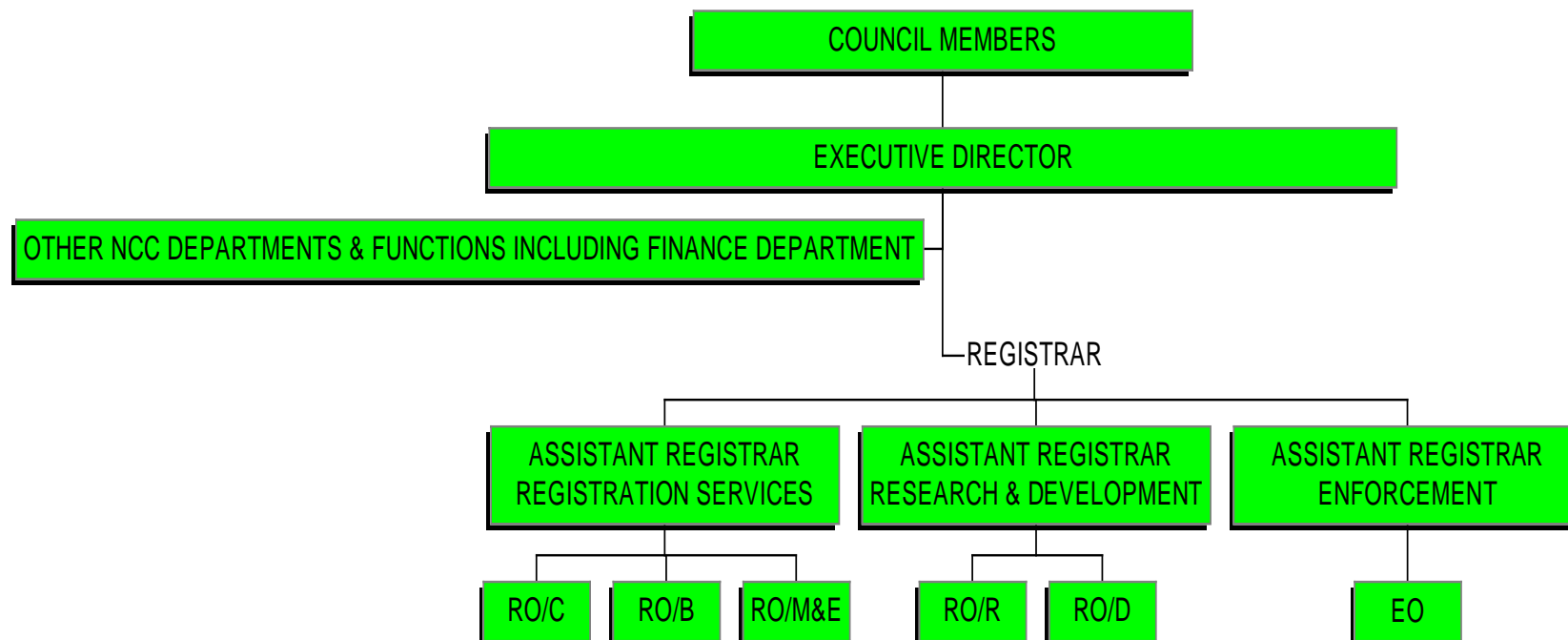
THREE signatories of the designated Registration Committee

Name: Signature:

Name: Signature:

Name: Signature:

NCC CONTRACTOR REGULATION & DEVELOPMENT ORGANIZATION STRUCTURE



- ❑ RO/C - Registration Officer, Civil
- ❑ RO/B – Registration Officer, Building
- ❑ RO/M&E – Registration Officer – Mechanical & Electrical
- ❑ RO/R – Research Officer – Research
- ❑ RO/T – Research Officer – Development
- ❑ EO – Enforcement Officer