# FOREWORD

By Minister

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# 1 EXECUTIVE SUMMARY

The Construction industry in many countries is a key component of economic growth. In developing countries construction always plays a major role in development and poverty alleviation by providing access to basic services and transport facilities. In Lesotho with its particular geographical and topographical situation the potential role of the construction industry is even more vital. Construction of rural clinics, schools, roads, airstrips, dams, water, electricity and telecommunications reticulation and other infrastructure provides the basic arterial network for modern life and development.

Lesotho's economy like so many others at this time of global recession has stalled. The construction industry has shrunk in the last decade as major construction projects came to an end but others are about to start and this could be the opportunity for the construction industry to lead the economy into renewed growth. In order for the Construction industry to realise this potential lead role it needs to be well coordinated, organised and ready to develop. At present the policies governing the industry are fragmented and these need to be brought together into a coordinated policy within the framework of over-arching government policy. Anomalies in the regulations governing construction service procurement, registration of service providers and professionals need to be regularised and the institutional arrangement of the industry needs to match the working situation for better operation.

Lesotho's construction industry is made up of the traditional main three players of client , consultant and contractor, all supported by a network that includes financiers, materials suppliers, skilled workers and their accrediting authorities and regulatory bodies of the industry as a whole. The two main gaps easily identified in the supporting industry environment are the lack of business associations for both contractors and consultants for the purposes of self-regulation in the industry and the lack of professional accreditation, registration and licensing.

The clients for the industry are mainly from the public sector either Ministries directly or parastatal authorities. The relatively new procurement regulations of 2007 decentralise procurement to departmental units, this disburses the supervisory capacity of the main building department throughout the country.

Other systematic problems of the industry are the size of the national economy to sustain a large industry of construction work, the fierce competition from construction service providers from outside the country, both from RSA and beyond and the dominance of a few successful companies within the industry itself.

Within the industry itself there are issues of access to credit and access to equipment for the construction companies that restrict their development. Registration of contractors is presently being done by one of the main client Ministries. This raises questions of potential conflict of interest. There is a proliferation of registered companies purporting to be contractors who have come recently to the industry from other fields and yet obtain high classifications within the system. There are no independent regulatory bodies laying down codes of conduct for the various entities in the industry. Development and growth of companies and individuals is not supported or coordinated by any organised body but left largely to individual initiative. Many of the skills required by the industry are not catered for in the vocational training and education systems of the country so that employers are left with the option of taking on an unqualified local (who may be good at the job) or a well qualified foreigner.

The difficulty in obtaining a continuous flow of work is a problem both for contractors and consultants alike. The nature of construction work is such that it is always variable and companies have difficulty retaining well qualified staff as workloads vary rapidly. This same problem of the variability of work load means that it is uneconomic for companies to financially support the skill development of staff who may not be with them for very long, as they may only be indirectly helping their competitors. While the local industry faces strong competition from across the border it is very difficult for Basotho companies to enter into the South African market place in the construction industry because of the restrictive practices promulgated there and the need for accreditation. Support is being sort from government to find a way to arrange reciprocal agreements for the free flow of business across the border. At the same time equal protection from competition and exploitative practices is necessary.

The process that has been followed in developing this Policy was a participative one. Stakeholders to the industry were identified and individuals interviewed, surveyed and canvassed for their opinions. 3 major workshops were conducted involving large numbers of stakeholders from within the industry, a second workshop involving mainly contracting companies and staff and the third one involving the construction industry/built environment professionals. All this information was collected and analysed and proposals fed back to the stakeholders for further comment before elaboration of the draft policy document.

The Policy now proposed objectives leading to actions on ten broad fronts.

a) Create a national body for leadership and coordination of development of the local construction industry.

b) Create a national body for the registration and licensing of Built environment professionals working within the construction industry.

c) Improve the capacity and competitiveness of the local construction enterprises (contractors, consultants and suppliers)

d) Ensure efficient and cost effective performance of the construction industry that will guarantee value for money on constructed facilities in line with best practices.

e) Increase access to equipment, credit and work by local contractors and consultants;

f) Promote the prevention of Corruption in the Construction Industry

g) Promote application of cost effective and innovative technologies and practices to support socio-economic development.

h) Ensure application of practices, technologies and products which are not harmful to both the environment and human health.

i) Enhance participation in regional and international co-operation arrangements for the purpose of promoting the capacity and competitiveness of the industry and developing markets for export of its services and products.

j) Improve co-ordination, collaboration and performance of the institutions, associations and client organisations supporting the development and performance of the construction industry.

These statements are followed in this document with explanations of how each one will be implemented through actions. The document is completed by a concluding section.

# 2 INTRODUCTION

The construction industry in Lesotho is a major contributor to the national economy. Due to the limited size of the country and its economy, one or two large construction projects can significantly alter the apparent influence of the industry for the short duration of their life. Currently the country is about to commence a number of large construction projects that have the potential to develop the construction industry into a major influence in the region. In order to take advantage of this period the Construction industry itself has to be organised and ready to meet the challenge of producing competitive services that meet the quality demands of the clients and projects. At the same time the industry is facing a number of problems that are identified in later sections of this document, and these have exposed certain gaps in the policy and regulatory framework that this Policy seeks to address.

This National Construction Industry Development (NCID) Policy intends to promote the growth and development of the construction industry in which both the public and private sector are actively involved as partners in decision making on all relevant matters that affect them and the industry as a whole. The policy is in line with the Constitution, Vision 2020, the Poverty Reduction Strategy and Government's policy on local governance.

## 2.1 Definitions

The construction industry is that sector of the economy that transforms raw various resources and constructs physical infrastructure and buildings that are the necessary instruments for socio-economic development.

The construction industry in Lesotho is normally divided into two loosely defined sub-sectors. These are the buildings sub-sector and the civil engineering sub-sector. The building sub-sector constructs buildings that meet the domestic, industrial and commercial needs of both the private and public sector clients in the country. The civil engineering sub-sector involves all heavier construction processes that are used to design, construct and maintain large infrastructure such as roads, bridges, dams, tunnels and power stations, usually for government or other public bodies. The industry has a close relationship with both its clients and their financiers and its interaction with Government is traditionally as an infrastructure client, a financier and as a regulator.

The general operating arrangement of the construction industry in most countries is a triangular contractual relationship between Client, Consultant and Contractor. These take on the roles of purchaser, designer and constructor respectively. However these three most obvious participants in the industry are supported by a host of organisations playing supporting roles. Financiers are key to the industry - both to the client organisation as investors and to the contractors as providers of operating capital and various contractual bonds. Materials suppliers, specialist sub-contractors, vocational training institutes and others provide the means to the contractors to carry out the work. Business associations formed by the consultants and contractors and learned societies of professionals provide a means of self-regulation and a lobbying forum through which the needs of the key industry players can negotiate with the regulatory and client authorities.

This traditional make up of the construction industry has to adapt to new forms of contractual arrangement and changing processes such as turnkey (design and build) contracts, PPPs and concessioning of infrastructure where a combination of the two or all three of the traditional roles must come together with financial investors to form a single entity to finance, design, build and operate the infrastructure item (road, bridge, power station, etc.).

The construction industry operates in an environment (that can be supportive or restrictive) that is made up of the strength of the economy, a regulatory framework of employment regulation, building regulations, procurement, tax and financial regulations, health and safety at work, and environmental regulations among others. Within this environment the setting of standards and protection to those genuinely operating in the industry as professionals and contractors is provided by registration and licensing procedures that are supportive to further development.

## 2.2 Characteristics

Within this international framework Lesotho has its own particular characteristics.

The physical and geographical location of Lesotho, its unique topographical characteristics and constrained economy have influenced the past development of infrastructure and the nature of its construction industry.

Lesotho is landlocked and completely surrounded by the Republic of South Africa. The population of 2.1 million persons is disbursed over a largely mountainous country of barely 30,000 square kilometres (Km2). Three quarters of this population is concentrated in the urban lowlands with the remainder situated in the highlands. Approximately 40% of the population live below the poverty line set at $1.25 per day, yet some 60% are reported to have built their own home. This leads to a proliferation of small to medium size enterprises SMEs in the construction industry who find it difficult to develop further.

During the 1990s Lesotho's construction industry had an enormous boost from the multi-million dollar Highlands Water Project and although the local industry did not receive much of a share of the work, it still had a positive impact on the industry. Since that time the industry has retreated and now forms a small percentage of the national economy. This situation is about to change with the coming of phase two of LHWP and other major projects about to start, both in the civil and building sub-sectors.

During the lean period of the early part of the 21st century a number of the larger contracting companies have moved into self financing property development (finance, build and sell or operate) that has managed to sustain them for the period. Now a few strong companies are ready to take a more active role in the potential busy period to come. However the regulatory environment to protect these local companies and support the development of others needs to be regularised.

The Ministry of Public Works and Transport acts as custodian of the construction industry and is also one of the main client organisations procuring design services, works and supervision for both main roads and government buildings. At the same time the ministry is responsible for the registration of contractors and the regulation and setting of standards for both building and road work.

The ministry's website states that The Building Design Services department is charged with the overall maintenance of existing Government buildings as well as planning, designing, construction and supervision of new buildings on behalf of itself and other ministries. It is also responsible for Government furniture stores, the joinery workshop, and registration of contractors and professional consultants in the building industry. This department is also responsible for training local contractors in construction and maintenance of buildings."

And for the Roads Directorate:
"The Directorate is responsible for construction, upgrading, rehabilitation and maintenance of primary, secondary, tertiary and other roads on the Lesotho Road Network." The Roads Directorate Act of 2010 also brings the functions of categorisation, classification and registration of roadwork contractors under the remit of the directorate. This means that one of the main client ministries, MoPWT through its two works departments, is also carrying out the assessment and registration of all contractors. This potential conflict of interest weakens the regulatory framework of the construction industry as a whole.

The promulgation of the procurement regulations 2007 decentralised public procurement to user departments. Each user department has to set up its own procurement unit and carry out the procurement of materials, services and works form its own allocated budget. This results in construction works now being procured without the involvement of MoPWT. Schools are procured through the Ministry of Education unit, hospitals and clinics through the Ministry of Health procurement unit etc. whereas formally these departments would utilise the expertise in of MoPWT (BDS) to procure the design and works for these buildings they now can and do outsource the design services and works directly, involving BDS only where they feel the need.

DRWS (Department of Rural Water Supply) records that 62%[1] of rural communities has potable water. Extensive programs are in place through the Department and the Ministry of Natural Resources to meet the targets, which now is to provide the majority of rural communities with potable water by year 2015. A number of these projects are also planned in conjunction with EU support.

Besides the ministries themselves there are also a number of parastatal client organisations that finance, fund and procure construction services in the country. The level of involvement varies from year to year but the financial input to the industry can even exceed that of the government ministries directly.
Lesotho National Development Corporation (LNDC) in its role to attract investors into the country and promote Lesotho as a business base for manufacturing and other employment intensive businesses constructs factory shells and provides the services (roads, water and electricity s) as an incentive to investors. At the Tikoe Estate, - a new LNDC estate, 3 factories have been built and more are planned. Starting in August 2011, construction of further shells will start, which will take 12 months. This will be followed by other projects that will create an estimated 5,000 jobs.

[1] 23rd UN Environment Program, Nairobi 2005

WASCO; (Lesotho Water and Sewerage Company, (Pty) Ltd), serves more that 300,000 people in urban areas with potable water. The company is increasing its services all the time and has to maintain and deliver more than 6,400 connections between the domestic and communal pre- paid connections each year.

The Lesotho Highlands Development Authority (LHDA) strategic Plan for 2008-2013 was issued in March 2008. Phase 2 of this massive construction project is based on a feasibility study completed in 2007. The project will provide an immense number of work opportunities. The project is expected to be awarded soon and construction to start in 2012.

LHLDC**.** The majority of private houses are financed and built by the owner, but many people still require assistance and also a large demand still exists for rented accommodation from people moving into urban areas. The Lesotho Housing and Land Development Corporation (LHLDC) was established in 1988 to increase the supply of shelter and to meet the housing requirement as determined by the Corporation and GoL. This institution replaced the previous LHC (Lesotho Housing Corp) that was established in 1977. The Corporation finances and engages construction companies to build and maintain the housing stock as well as having an in house capacity for construction.

LEC; (Lesotho Electricity Corporation) was established in 1969; Now the Corporation has a monopoly in transmission, distribution and supply of electricity in Lesotho. The LHDA is the main generator of electricity for the country. The Corporation continually expands its supply grid. In 2009/2010 with UNDP assistance, LEC implemented a new service of more than 110Km of 33KV lines in the rural areas, various substations, 1000 service connections in Hlotse, 3,500 service connections in Maseru. The construction of distribution lines, masts and towers is normally carried out by the engagement of local construction service providers (contractors and consultants).

METOLONG Authority:- the Construction of Metolong Dam is estimated to cost 1,024 Billion Maloti, and to be completed by the end of 2013. The project is multi funded and will create work for all trades of the construction industry during preparation, construction and operation and maintenance. The Client of the Project, Metolong Authority, acts on behalf of the GOL under the MDWSP: Metolong Dam and Water Supply project. The country can rely on extended employment for several hundred people of all categories and professions during all 5 components of the project:

1)Advance infrastructure Planning,

2) Construction of the Metolong Dam and pumping station,

3) water treatment works,

4) Construction of down- stream conveyance system and

5)environment and social management.

The list of prequalified companies is presently mainly Chinese, South African, Italian, Kuwaiti and French companies.

Other Development partner grants and agreements often involve the funding of construction projects. Currently a major input to the construction industry is the MCA/MCC compact. In July 2007 the MCC (Millennium Challenge Corporation) signed a grant agreement through the MCA and the GoL to the amount of USD 362,5 mill. The prime objectives of the 5 year agreement were to improve the health care system (a budget of $ 122.4 mill) and various water sector projects ($ 164,03 Mill) and other development projects. Major components of this involve construction. While some projects are behind schedule, the MCC boost to the country’s development has already created an important shot in the arm of the otherwise slim construction industry.

The EU is also a major contributor to projects in the construction industry including roads and water supply projects.

These client organisations can and do procure construction services for themselves and supervise the construction themselves, but it is more usual for consultant companies and individuals within the industry to provide professional design and works supervision services to the clients and manage the construction contracts. The use of “force account” operations (direct employment and internal implementation) by government has been deliberately reduced in favour of out-sourcing works to private companies, but is still existing for certain operations and is retained for emergency works.

There is a small number of consulting companies active in the country both in the building and civil engineering sub-sectors. The Ministry of Public Works and Transport is mandated to register these companies, set standards and develop their skills.

The same Ministry is also charged with registration and development of contracting companies and has a total of 1,411 building and electrical contractors registered and classified according to ability and 54 road contractors registered. This register is used by other client organisations to identify and validate tenders for works during the procurement process.

Ministry of Education and Training; TVD: Department of Technical and Vocational Training carries out the accreditation of vocational training institutes and the skill and vocation tests and certification for skilled workers in the industry. The Department follows the Education Sector Strategic Plan of 2005-2015 and a Qualification Framework of 2005. The Ministry and Department also follow the Draft Technical and Vocational Education And Training Policy of November 2004. A number of trades are registered with TVD that relate to the construction industry particularly the building sub-sector, but a number of key trades are not recognised, registered or tested and therefore have no accreditation. The route from skill acquisition and trade tests to technical competence and certification also has gaps that make it difficult for individuals to advance within the industry.

There are 4 Vocational Training Centers in Maseru, 2 in Mohales Hoek and 1 each in Phamong, Masianokeng, Semonkong, Thaba Tseka, Ha Mohatlane, Mokhotlong and Maputsoe. There are 13 various trades listed at these centers, where the highest entry (120) is at Lesotho Opportunities Industrialisation Center in Maseru

Construction by its very nature is short term. Even large projects last only for a few years. Sustainability of the construction industry will come from a long term commitment of support and regulatory framework that is supportive of long term goals, not from one project alone. This commitment from government of Lesotho is strong and needs to be carried through in the long term. In addition, this commitment should recognise that the status and scale of the Lesotho economy is limited and locally supported contractors and consultants must be ready to look beyond its borders if they are to maintain growth. This suggests that they must be equipped with internationally recognised accreditation and registration documents if they are to compete outside Lesotho.

## 2.3 Construction Industry Development Objectives

In the scenario of a large potential of future work and in the face of aggressive competition from large companies from neighbouring countries and further afield, the local industry needs to be protected and supported to reach its potential for growth in order to play its role in the national economy and the development of the nation.

The construction industry has in the past contributed as much as 11% of GDP to the national economy (1999). In 2009 this portion was as low as 0.4% of national GDP. The assessment for the future by international economists predict that the construction industry in Lesotho has the potential to rise to as much as 22% of national GDP by 2015 if the local construction industry reaches its full potential share of the large projects that are planned.

In part this depends on the setting up of a regulatory and business environment supportive and conducive to development of the active participants in the construction industry. This environment includes a supportive institutional framework, protective contractor registration and registration of built environment professionals, and support and protection within any joint ventures and sub-contracts that can be undertaken by the stronger companies. This policy is the first step in setting up that regulatory and institutional framework and will be followed swiftly by enabling legislation.

## 2.4 Vision, Mission, Goals

VISION STATEMENT

Lesotho's vision of its construction industry is:-

To have a Construction Industry with a strategy that promotes and fosters economic growth, competitiveness, creates employment and addresses lack of capacity as it empowers the implementing agencies (clients), local contractors and consultants

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MISSION

To create a sustainable Local Construction Industry; with Built Environment Professions and Contractors having the ability to participate competitively and undertake works efficiently and effectively.

GOALS

i. Facilitation of strategic national development objectives;

ii. Creation of an enabling and facilitating regulatory environment for construction industry growth;

iii. Support for advancements in human resource development, job creation and career advancement;

iv. Sustainable growth and competitiveness of the local construction industry;

v. Promotion of programmes which will lead to improved construction management and greater competitiveness;

vi. The encouragement of innovation in, and the modernisation of, the industry in line with established best practise;

vii. Promotion of regional cooperation, and protection of local service providers;

viii. Promotion of sustainable development through adherence to health, safety and environmental standards;

# 3 POLICY DEVELOPMENT PROCESS

Having been aware for some time of the lack of a formal construction industry policy, the Government set out to provide an enabling environment for sustainable development of the industry. The first step in this process was to bring together the dispersed strategies and formulate a comprehensive Policy aimed specifically at the coordination, regulation and development of the construction industry. Specifically, the Government's aim is to have a construction Industry that promotes and fosters economic growth, competitiveness, creates employment and addresses lack of capacity as it empowers the implementing agencies (clients), local contractors and consultants.

Having carried out preparation work, the Government through the MoPWT engaged a team of consultants to assist in drafting the Policy by carrying out a study into the development of the construction industry. At the initial meeting of the study held with MoPWT agreement was reached on the main aspects of the work to be carried out, and the client (MoPWT) reiterated Government's commitment for the study and pledged its support for completion of the task. A task team comprising representatives from different departments within the Ministry was assigned to work with the consultant and to manage the interface with the client and the industry as a whole. The task team worked closely with the consultant team reassuring them of Government's full support and the level of political commitment to the study.

Work on the study started with an initial phase characterized mainly by desk research on relevant existing policies, legislation, documents and reports. Further phases of the study carried out data collection through both qualitative and quantitative methods to establish background context, current contractors and professionals profiles, and the status of the industry in general. The qualitative methods involved a series of structured interviews and consultations with industry stakeholders including government, public authorities and private sector representatives. Representatives of technical training institutions and civil society were also engaged in the discussions. Quantitative methods involved the design and distribution of questionnaires to a number of stakeholders.

The initial data collected through individual consultations and questionnaires during the first phases was used by the consultant team in the follow up phase for preparations for a first stakeholder workshop which was held on 17th of June 2011. The workshop was well attended with all major stakeholders being represented. These included contractors, professionals, client organizations, financiers and the private sector. Two more workshops were held for contractors and professionals separately, while individual consultations continued to be carried out in parallel. The collection of data and the analysis for preparation of the draft policy has been participative in nature and a large number of stakeholders have been involved in the discussions and decisions on the policy direction.

An analysis of all inputs obtained was used to inform the drafting of this Policy document, which will still be circulated to stakeholders for further comment and inputs on an ongoing basis until the final report to Government.

# 4 NATIONAL POLICY FRAMEWORK FOR THE CONSTRUCTION INDUSTRY

Since its independence in 1966, Lesotho has adopted a number of policies and strategies with the aim of defining its social and economic development path. The policy objectives articulated in these documents all have one very clearly identifiable commonality - a definite and undeniable thread that links them to the construction industry. The realization of these national priorities depends to a large extent on the existence of a supportive physical infrastructure in the form of roads and buildings. Included among the policies and strategies in question are the following:-

## 4.1 Vision 2020

After an all inclusive extensive national consultation process, Vision 2020 was adopted as a road map towards the attainment of a Lesotho that "prides itself in a healthy and well developed human resource base, a strong economy, a well managed environment and a technology that is well established." Vision 2020 identifies the country's seven pillars of development as democracy, unity, peace, education and training, economic growth, management of the environment, and advancement in technology. The highly rated ideals such as democracy and unity may be impossible to attain where infrastructure is not in place. In order to facilitate education and training, Government has embarked on the Free Primary Education Programme which has seen the construction of primary schools across the country, as well as the building of new secondary schools and additional classrooms. The attainment of national health targets has necessitated partnerships between Government and the MCA, which have produced a network of clinics and healthcare facilities across the country, including the new modern 425-bed referral hospital in Maseru. Basics such as electricity and water connections necessary for economic growth are installed by the construction industry..

## 4.2 Poverty Reduction Strategy

Equally articulate on Lesotho's development objectives is the Poverty Reduction Strategy which identifies eight national priorities and cross cutting challenges for poverty reduction. While the highest cross cutting national challenges are stated to relate to HIV/AIDS, gender inequality and issues of children and youth, the eight are listed as: "employment creation; food security; infrastructure development; deepening democracy, governance, safety and security; access to health services; increasing human resource capacity; managing and conserving the environment; and improving public service delivery". While infrastructure development in the form of roads, landing strips and airports could easily be embedded in anyone of the challenges, it is notable that it has been specifically mentioned as a challenge for poverty reduction in its own right.

## 4.3 Millennium Development Goals

As a member of the international community of nations, Lesotho has adopted the Millennium Development Goals (MDGs) which are a response to eight main development challenges of the world. Like other countries, Lesotho has committed to the achievement of the eight MDGs by 2015. The MDGs are listed below:

Combat HIV and AIDS, malaria and other diseases

Eradicate extreme poverty and hunger

Achieve universal primary education

Promote gender equality and empower women

Reduce child mortality

Improve maternal health

Ensure environmental sustainability

Develop global partnership for development

It does not require genius to discern the clear and direct link with the construction industry for these goals to be achieved. It is indeed likely that the slow progress in their achievement may have to do with inadequate transport, communication or other infrastructure.

## 4.4 Transport Sector Policy

The Transport Sector Policy requires Government to "...provide an enabling environment for efficient, cost effective and safe transport, within Lesotho, regionally and internationally, to facilitate the sustainable development of the economy, social services and of the population in general". It calls for the management, through the Roads Directorate and Local Authorities, of road infrastructure to ensure that existing roads and access routes are comprehensively and regularly maintained, are rehabilitated when required, and are upgraded and extended in an efficient manner, to meet the needs of the economy and the population, thus highlighting the link between road infrastructure and social and economic development needs. The overall objective of the Policy is stated to be the facilitation of Government's policies of: -

- The creation of peace and stability and the rule of law, by strengthening democracy, encouraging broad-based participation of interest groups in policy development, and facilitating security and access to justice for all.
- Encouraging economic growth to provide resources to address unemployment and poverty reduction issues, and to ensure improved distribution of wealth.
- Facilitating the development of appropriate infrastructure, and services to develop human resources, especially the provision of education, social services, and health care to all people in Lesotho;
- Facilitating the development of appropriate infrastructure, and services to develop:
  - Priority Economic Sectors (Trade, Industry, Tourism, Agriculture and Mining)
  - Priority Social Sectors (Health, Social Welfare, Education and Legal Sector)

## 4.5 Local Governance –

With the advent of local governance ushered in by the enactment of the Local Government Act in 1996, local authorities have taken on responsibility for social and economic development. In terms of section 5, they are charged with the regulation, control and administration, within their administrative limits, of education, recreation and culture, roads and traffic, water resource, omnibus terminals, mortuaries and forestry, among others. Their functions include control of natural resources and environmental protection; minor roads and bridle paths; water supply; burial grounds and the provision and regulation of markets, to name a few. The construction industry no doubt plays an important role in the delivery of their mandate.

# 5 INSTITUTIONAL FRAMEWORK FOR LOCAL CONSTRUCTION INDUSTRY

The construction industry in Lesotho is made up of the participating individuals and organisations described in section 1 above. The clients, donors, consultants and contractors have not managed to arrange themselves into any obviously coordinated institutional framework. The Clients, both public and private sector, remain in their individual organizations and have no forum in which to address common perceived problems or coordinate support and development to the industry.
The private sector organizations currently have limited financing capacity for the construction of small to medium sized buildings. Recently private investors are actively involved in the construction of shopping malls.

The public sector, assisted by donors is the major financier of construction industry projects. The sector is made up of GOL ministries of which there are nineteen in number but the three major role players in the construction industry are Ministry of Public Works and Transport, Ministry of Local Government and Chieftainship and Ministry of Natural Resources.
The key functions of the public sector in the construction industry are:-

- Policy formulation in order to regulate the industry
- Project formulation and planning
- Financing of construction projects
- Fostering development of consultants and contractors to competitively participate in the industry
- Monitoring, supervision and evaluation of construction projects

**Consultants and Contractors** are private sector organisations which provide consulting and contracting services respectively. Consultants and contractors are key role players in the construction industry. If appropriately empowered by formal policies, these organizations contribute significantly to creation of a sustainable construction industry with capacity to promote and foster national economic growth and poverty reduction.

**With respect to independent business development organisations,**
Currently the local construction industry has no independent business development organizations such as professional bodies to register Built Environment professionals, to set and maintain high performance standards, professional ethics and competence. The absence of such a body has created a void in professional identification, recognition, protection and competence.

# 6 CHALLENGES OF CONSTRUCTION INDUSTRY IN LESOTHO

## 6.1 Challenges common to Construction Industry in Developing countries

Many of the challenges that arise in Lesotho are common to developing economies and the construction industry working within those countries. Some of the ubiquitous problems are faced by the contractors, particularly small and medium sized contractors. Other common problems are to do with the regulatory framework and the strength of supportive institutions to the industry. The lack of skilled manpower, the lack of accreditation for training related to the construction industry is common. There is also a general perception that, at least at the entry level, the construction industry provides an easy route to large amounts of money. Small businesses entering the industry soon find that success in the industry is not at all simple and can find themselves in trouble.

With a weak regulatory framework it is often the case that unqualified contractors can be registered and carry out works which are grossly sub-standard. The same is true for the design phase on projects where amateur or lowly qualified personnel are left to carry out the work of professional designers leading to dangerous and sub-standard work that is unfit for purpose.

Where training courses for project managers, site supervisors and certain craft and artisan courses are not accredited, it is impossible for employers to differentiate the truly skilled worker from the rest. This is the case in many countries.

Contractors both large and small in most countries with developing economies complain about the difficult access to equipment for construction work. It is un-economic for most contracting companies to purchase and own the full complement of plant and equipment that they will need for all works. This is especially true of the small and emerging contractors who cannot afford the capital outlay required unless they are assured of a continuous work load. So small and medium companies have to hire equipment and this is often difficult for a number of reasons. Many countries formally had a government Plant Pool that was used for force account operations often with reserves of construction plant and equipment held at provincial or district level. With the change over from force account to contracting these government plant pools were often re-configured into semi-autonomous pant hire companies, with varying success depending on the business orientation and management strength used to run them. In the latest round of structural adjustments the government support to these organisations has been withdrawn in the false belief that they would make successful businesses. Most of them have disappeared and the equipment sold off. This leaves the contractors with no option but to hire from each other. This too has its problems where the company hiring out the equipment to one contractor may be competing in tenders with the same contractor for similar work.

In the last two decades globalisation and technological advancement has seen local information spread around the world. Activities, businesses and operations that used to be localised are now open to competition from around the world. Local manufacturing industries compete with cheap imports, and local services can be outsourced to call centres in virtually any country. The construction industry also cannot escape the trend. Most countries in Africa are experiencing irresistible competition from cheap tenders by Asian contractors, and service providers. GIS and other computer programmers from the Indian sub-continent are willing and able to offer lower rates than most local providers of the same services. Well qualified and experienced Philippino site supervisors are willing to work in Africa for half the monthly rates of local Foremen/site supervisors. Far eastern contractors have the support and limited overheads to allow them to undercut most local contractors for larger projects. This means that as local construction industry service providers (contractors and consultants) grow the level of competition actually becomes harsher.

The construction industry requires levels of financing and credit that is very high compared to other industries, while risks are high and profit margins relatively low. This makes investors and financiers wary to participate. Client organisations find that investors require rates of return that are difficult to realise from infrastructure development and can only be obtained over many years of operation. Contractors looking for financial support to carry out the work including the provision of loans, bank guarantees and performance bonds also find most financiers averse to the level of risk inherent in construction work. Solutions have been attempted with finance guarantee schemes, private finance initiatives and DBFO schemes some of which suit the clients but put the implementers under even more financial pressure. The simplest finance guarantee schemes have so far shown the best results for development of the construction industry.

## 6.2 Situation particular to Lesotho

Many of the same challenges obtain in Lesotho. The public sector is the major client and financier of the industry and it is made up of a number of GOL ministries and parastatal organisations of which Ministry of Public Works and Transport is the custodian of the industry. The main private sector players are made up of the Clients, Consultants and Contractors. The private sector clients currently finance construction of small building projects only, although some of the more successful contractors have been using their own financing arrangements to carry out medium sized property development projects as finance-design-build-sell/operate projects.

### 6.2.1 Challenges to the Industry as a whole

The policy and regulatory environment in which the industry in Lesotho operates is not fully coordinated and tends to be fragmented with gaps that act against the smooth development of industry players. Regulation impacting on contractors is for the main part centred around the Ministry of Public Works and Transport that is itself a major client for the same contractors that it is supposed to regulate. The registration, categorisation and classification of contractors is currently split between two user departments of the ministry but recent procurement regulations (2007) mandate other procurement units to keep their own registers, with central coordination at Ministry of Finance. The number of contractors registered at the MOPWT is over 1,400 and these numbers do not bear a relationship either to the numbers seen actively participating in construction nor to the needs of the country in terms of work available.

The human resource development for the construction industry at the lower levels of skilled workers, artisans and crafts-persons relies on the vocational and industrial training institutes and their accreditation, regulation and certification by TVD of the Ministry of Education. There are a number of trades that are required within the construction industry that are not registered or tested for by TVD. Curricula need to be promulgated for these trades, (road builder, steel fixer/bar bender, glazier, plant operator, lift installation, heating and ventilation fitter). There is also a road block for development of artisan skills at the top of the trade test development route. There is no National (craft) Certificate leading to an entry qualification for further study at LTI or the polytechnic level, and indeed no applications for trade test at the grade A level. In fact the elevation of LTI towards higher education and the curtailment of the Artisan and craft courses is tending to widen this gap. There are no accredited courses for Clerks of work, site supervisors or foremen level individuals that are desperately needed by contractors and consultants alike. Even the Ministry's own training centre in TY is not accredited by TVD, while the training carried out and the products are well recognised internationally.

A number of attempts have been made by the construction industry businesses and individuals to form associations of various groupings within the industry but these associations have not managed to be sustainable. In part this is because of the small size of the local industry and the influence from across the border Professionals are also anxious to have clear standards within the industry so that their role is protected but also that the public is protected from non-qualified operators.

The lack of any active contractors association means that self–regulation of the industry is not effective and government either has to step in to create detailed regulations of how the contractors will be treated and behave or leave a laissez faire system where all disputes about quality and workmanship lead to claims, arbitration and end up in court.

Similarly the lack of registration and control of construction industry professionals and sub-professionals again means that there is no self-control within the industry and while the professionals themselves can obtain registration and recognition from outside the country, the public and clients have no protection from bogus persons claiming to be professionals and no authorised body to complain to when professional services are below standard.

### 6.2.2 Challenges Facing the Clients

Resistance to change; Unsustainable financing; Limited institutional capacity; and Corruption are considered to be the most important challenges for clients.

Lesotho's vision "To have a dynamic, efficient and competitive local construction industry that is able to undertake construction projects of any magnitude and participate effectively in providing its services in the regional and global market place", means involvement of the private sector (Consultants and Contractors) in government construction projects and the phasing out of force account units. The complete removal of force account work is seen as a threat to current employment by GOL. Hence managers and operating employees are reluctant to completely divest themselves of operational activities aimed at the involvement of the private sector. Furthermore, at the local level the politicians (MPs) tend to advocate for force account units because they are able to easily influence the operations of these units whereas they find it difficult to influence consultants and Contractors who adhere to the terms of the contract.

In Lesotho the major financier of the construction industry is the government. Unfortunately GOL has financial constraints which have led to unsustainable financing of the construction and maintenance of public assets such as roads, buildings, dams, water supply and sanitation, etc. The adverse effects of this unsustainable financing of the industry are:-

- A limited number and size of construction and maintenance project in any one year.
- Rapid deterioration of existing infrastructure due to lack of adequate maintenance
- Lack of continuous work in the industry which constrains development of Consultants and Contractors

The transformation of the public sector from being the force account executing agency to be the supervisory agency of construction and maintenance projects executed by consultants and contractors is challenged by limited institutional capacity.
Firstly, the majority of employees who dealt with force accounts lack essential skills and experience in the procurement of consulting and contracting services and contract management.
Secondly, involved ministries are understaffed with qualified and experienced professionals. This negatively impacts on the quality of project planning, procurement of consulting and contracting services and supervision of contracts. This situation has been exacerbated by recent freezing of employment in the public sector.
Thirdly, the development of staff is constrained by lack of on-the-job training due to shortage of projects and lack of management development programs designed to improve the overall effectiveness of professional managers due to lack of funds.

Corruption was cited by stakeholders who participated in the workshop held on 17 June 2011 as one of the major challenges in the construction industry in Lesotho. Corrupt practices are harmful to the construction industry because they destroy competitive tendering and often lead to award of contracts to service providers who perform poorly as a result of collusion between the two involved parties. Internationally the anti-corruption forum Transparency International (TI) has identified the construction industry as second only to the arms industry in terms of prevalence of corrupt practises. Lesotho has led the way internationally in fighting corruption with the charges and court cases against large international firms related to phase 1 of the Highlands Water scheme

### 6.2.3 Challenges Facing Consultants

Challenges facing consultants can be listed as unregulated industry, delayed payments, corruption, intermittent work, procurement regulation.

The construction industry in Lesotho has no formal policies to regulate the industry. Hence local consulting firms have no supporting development policies and they have remained quite small in terms of capacity to implement construction projects. Therefore the industry is dominated by foreign consulting firms who have necessary capacity to implement projects of any magnitude.

In the cases of small projects where tendering is limited to local consultants, the competition is fierce and comparatively smaller firms with lesser resources and limited relevant experience and newly established firms fail to obtain minimum points specified for the Technical Proposal and they are post-disqualified from tendering.

BDS used to maintain a roster system for Consultants. However, it is alleged that the system was easily manipulated and the result was that some consultants quite often got only small projects while other consultants got larger construction projects.

Previous attempts by the local consultants to create associations have not been successful. These associations were intended to protect the interests of local consultants, to instil discipline in members and to organize for professional registration of members.

This is a serious challenge which quite often leads to loss of access to credit, disrepute and loss of business by local consulting firms. Consultants are also adversely affected by corrupt practices in the construction industry. Evaluation of proposals is manipulated in favour of the tenderers who pay bribes. As a result of unsustainable financing of the construction industry by both public and private sector, the consultants suffer from lack of continuous work and quite often they are forced to retrench trained staff and sometimes even to close office temporarily when awaiting new projects. This lack of continuous work has a serious negative impact on the survival and development growth of local consultants.

The 2007 Procurement Regulations have a good objective of decentralization of public procurement so that there is no longer a central tender board with all its delays to approve and award contracts. Unfortunately the regulations lack clarity or make no clear distinction between procurement of goods, services and works. Therefore these regulations are interpreted differently in various ministries of GOL to provide consultancy services. This status of procurement by GOL has frustrated consultants.

### 6.2.4 Challenges facing Contractors

These challenges are similar in most aspects with those of local consultants. In addition, local contractors suffer from lack of equipment, qualified personnel and financial capacity. There is also the additional challenge of dominance by category A contractors.

With respect to equipment, contractors can either use own or commercially hired equipment from the suppliers to implement works contract. The situation of access to equipment in Lesotho is at a critical state, particularly in the roads sub-sector where only a few contractors own equipment and there are no commercial suppliers of equipment for hire. However when it comes to open tendering, all contractors are expected to tender competitively.

Quailifed and experienced personnel cannot be retained if there is no continuous work. However, this is an important categorisation criterion for contractors. This means contractors who cannot provide evidence of employment of qualified and experienced personnel are given lower categories.

On financial capacity, it is a requirement in the construction industry for contractors to demonstrate that they have financial capacity to undertake construction work to a certain value. Thus the assessment of financial capacity when categorizing contractors determines category of the contractor. Roads Directorate have categories F to A while BDS have categories D to A where Category A is the upper limit.  Access to credit is a serious problem for the local contractors in the lower categories.

The road sector is dominated by two category A contractors. These contractors do works of contracts valued at M 5.0 million and above.  The value of construction of roads projects per km is often in excess of this value, depending on the type of work (i.e. maintenance, upgrading, new construction etc) and whether the roads are in the mountains or in the low lands  There are only two category A contractors registered with the Roads Directorate and they are the only contractors in Lesotho who tender for roads construction projects. According to stakeholder information obtained they tend not to sub-contract any parts of the work to contractors of lower categories.

# 7 CONSTRUCTION INDUSTRY POLICY

## 7.1 Need for Construction Industry Policy

Through consultation with industry partners and based on the locally established tradition, a number of policy issues have been identified and agreed as essential to the growth and development of the nation's construction industry. Some of these areas will require greater attention from the public sector, while others will require the promotion and support of the private sector.

The goal of the National Construction Industry (NCI) Policy is to enhance delivery, stability, improved and assured performance, and solidify the growth of the local businesses and professions within an organized and continuously improving institutional framework.
The pursuance of this goal will be in tandem with other national sectoral policies; e.g. policies for the agricultural development, land tenure, investment, industry and trade, energy, housing, health and education and other sectors with an impact on the national construction sector

The Construction Industry Policy should is in line with the provisions of Lesotho's Constitution, Vision 2020 and the Poverty Reduction Strategy.

## 7.2 Statements

In order to address the key issues in the development of the NCI the Government policy objectives shall be to:

a) Create a national body for leadership and coordination of development of the local construction industry.

b) Create a national body for the registration and licensing of Built environment professionals working within the construction industry.

c) Improve the capacity and competitiveness of the local construction enterprises (contractors, consultants and suppliers)

d) Ensure efficient and cost effective performance of the construction industry that will guarantee value for money on constructed facilities in line with best practices.

e) Increase access to equipment, credit and work by local contractors and consultants;

f) Promote the prevention of Corruption in the Construction Industry

g) Promote application of cost effective and innovative technologies and practices to support socio-economic development.

h) Ensure application of practices, technologies and products which are not harmful to both the environment and human health.

i) Enhance participation in regional and international co-operation arrangements for the purpose of promoting the capacity and competitiveness of the industry and developing markets for export of its services and products.

j) Improve co-ordination, collaboration and performance of the institutions, associations and client organisations supporting the development and performance of the construction industry.

# 8 IMPLEMENTATION PLAN

## 8.1 Creation of a National Body for Leadership and Coordination of development of the Construction Industry.

As custodian of the construction industry, the Ministry of Public Works and Transport will assume responsibility for policy implementation. Key actions required of Government through the Ministry include:

8.1.1 working with line ministries and other stakeholders, and overseeing and coordinating their respective individual efforts. The Ministry must develop measures to improve communication among industry stakeholders to harness their commitment, experience and skills for the benefit of the industry. It covers carrying out periodic reviews, monitoring and evaluation to assure effective policy implementation and continuous improvement;

8.1.2 the regulation of stakeholders in the construction industry through the establishment of a national body, a national Construction Industry Council (CIC) which will serve as a focal point for all developments in the industry, including the strengthening of professional regulatory bodies. The CIC will be legally established through an act of Parliament which will be driven by the Ministry. It will be created as an autonomous body accountable to industry stakeholders and to the Minister of Public Works with formal statutory reporting requirements. The CIC will be governed by a board comprising representatives from all construction industry stakeholders, including contractors, professionals, Government and the private sector. Its activities will be run on a daily basis by a secretariat headed by the executive director who will be its chief executive officer, ideally a professional in the construction sector at the level of executive director.

The operations of the CIC will be funded from the Consolidated Fund. The body will raise and manage a construction levy which could be used as a construction guarantee fund to ease the acquisition of tender and performance securities and support programmes and initiatives for the development t of the local construction industry, such as training and skilling of contractors. The CIC will be given responsibility for:

a. promoting and providing strategic leadership for the growth and development of the construction industry with particular emphasis on the stimulation and development of local capacity for socio-economic development and international competitiveness;

b. advising the Minister on policies, legislation, programmes, projects and other matters affecting construction industry sustainable growth , development and expansion, and formulating proposals for their implementation;

c. promoting, co-ordinating, undertaking or commissioning research into any matter relating to the construction industry;

d. promoting, initiating and maintaining a construction industry information system with the object of disseminating construction related information including, but not limited to a register of projects and directory of construction materials, equipment and suppliers;

e. providing consultancy and advisory services on all matters related to the construction industry;

f. promoting quality assurance through the promotion, development, implementation and monitoring of standards, guidelines, techniques, regulations and codes of practice;

g. providing, promoting, facilitating, coordinating and reviewing training programmes organized by public and private accredited training institutions for stakeholders in the construction industry;

h. promoting the use of innovative technologies and adherence to sound safety, health, and environmental standards;

i. registering, categorising and classifying contractors and regulating their professional undertakings and conduct;

j. promoting, stimulating and assisting in the export of goods and services related to the construction industry;

k. promoting and establishing forums for enhancing industry-wide coordination, consultation and collaboration, and facilitate efficient resolution of disputes on matters related to the construction industry;

l. liaising and collaborating with individuals, public and private institutions as may be necessary from time to time for the development of the construction industry.

The registration of contractors, the monitoring of their activities and conduct is one of the most important functions of the CIC. Currently this function is carried out by MoPWT,which is also the industry's single largest client and employer, thus creating a potential conflict of interest. For the effective support, development and protection of the industry, the registration, categorisation and classification functions must be taken over by the CIC. The CIC will work and collaborate with TVET for accreditation of sub-professional training. The CIC will also develop collaboration, associations, sub-contracting practices at the local and regional levels to promote the export of construction industry services and products within the region.

## 8.2 Creation of a national body for the registration and licensing of Built Environment Professionals

Among the numerous reasons cited for the meagre performance of the construction industry professions is the lack of regulation and a champion to promote and advance their interests. In order to redress this situation, Government will:

8.2.1 Enact legislation for the creation of a national body, the Lesotho Council of Built Environment Professions (LCBEP) which will be charged with responsibility for the registration of all professionals and sub-professionals working within the construction industry. The LCBEP will not only register the architects, engineers and surveyors in their respective categories, but will also regulate their professional activities and conduct. .Registration will also be extended to cover foreign professionals who undertake work in Lesotho.

The affairs of the LCBEP will be controlled by a board of directors made up of representation from Government, the construction industry and the private sector. The day to day management will be left to a secretariat which will be headed by an executive director as chief executive officer.

8.2.2 collaborate with and support the secretariat of LCBEP to secure adequate and sustainable financial resources for the execution of its functions. Government will strive to achieve this objective through numerous avenues, including providing subventions or negotiating for funding from its development partners.

8.2.3 Facilitate communication with, and support from line ministries and other stakeholders. Whenever necessary, MoWPT will engage with other ministries and public authorities to procure any support and assistance required by LCBEP for the benefit of its stakeholders and the construction industry at large.

## 8.3 Improve the Capacity and Competitiveness of Local Construction enterprises.

8.3.1 Government shall support the construction industry enterprises in building their capacity and competitiveness in order to perform at an international standard and compete for work within the borders of Lesotho and beyond. Specific actions shall include:-

8.3.2 Encourage and support the formation of associations that will identify codes of conduct for enterprises and monitor performance of its members to abide by the code. The association will liaise closely withteh registration body to ensure that any breach of its codes are dealt with through the regulations and suspension form registration takes place..

8.3.3 The use of part of the construction industry levy to support TVD in the development of curricula for trade and craft courses identified as required by the construction industry. The industry will identify the needs through its cooperation within the trade and business associations and with collaboration with the CIC and other organisations. Support will be given to develop curricula for trades and craft course that will be accredited by TVD and that are not existing already.

8.3.4 Mount skill improvement courses on identified key subject areas to improve the general management of construction works and contract management. Continuous professional development and skill improvement will be considered in the assessment of classification of the registration process.

8.3.5 The government shall ensure both local and donor procurement policies provide a comprehensive framework for fostering the local construction industry in Lesotho.

8.3.6 The government shall ensure that public funded works carried out within the country involve local enterprises directly or external enterprises in partnership with local players.

## 8.4 Ensure efficient and costs effective Performance in Line with Best Practise..

8.4.1 The government working in collaboration with the construction industry shall establish methods and procedures for random inspections of registered project and contractor's construction sites for te purpose of ensuring the adherence to codes of practise, health and safety standards and environmental regulations. Sanction will be designed fro breaches of the code that will protect both the registration process and the membership of te associations.

8.4.2 The government working in collaboration with business associations, private industry and construction industry council will identify methods, procedures and processes that constitute best practice and will develop dissemination method and procedures best suited to the delivery of this knowledge to the widest audience fro use in the local industry. The procedures will include but not be limited to:-

- Development of manuals and guidelines for use within the industry.
- Develop training materials for best practice methods.
- Design and delivery of promotional campaigns through the media, both print and mass communications.
- The formulation and periodic selection of examples of best practise performance from among the registered contractors and registered projects. These awards to be highly publicised for greatest effect.

8.4.3 The formation within the industry of self regulatory bodies based on associations within the industry itself will be encouraged, These bodies will be the first line of complaint and reporting for the general public to raised questions on the general performance of any enterprise.

8.4.4 The procurement process will be monitored to ensure fairness and equity in the award of work and the procurement audits will be mandatory on all registered projects.

## 8.5 Increase Access to Equipment Credit and Work by Local Construction Enterprises.

8.5.1 Government will provide for the establishment, through legislation, of a levy on registered construction projects above a minimum value to be determined from time to time by the Minister responsible for the construction industry. The rate of levy will be determined at a level to permit the manager of the levy to support local enterprises to access credit for construction sureties, equipment hire deposits and training courses.

8.5.2 Liaise with LNDC and others to ensure that the credit guarantee scheme is used to benefit local construction industry enterprises, and encourage other organisations and bodies to establish similar successful schemes.

8.5.3 Government will investigate the best method to provide improved access to equipment for small contractors. The plant hire companies within the country and associated companies may be able to provide innovative ideas for the support of equipment use in the country. Capable enterprises will be encouraged to move into the plant hire business.

8.5.4 Government will protect the local enterprises form undue competition and exploitation by foreign companies bidding for work in Lesotho. The procurement procedures will be adjusted to allow for a 15% preference to be given to local companies in the evaluation of tenders. Foreign companies entering the country to carry out works will be expected to sub-contract to local enterprises a minimum value of 20% of the works .

## 8.6 Promote the prevention of Corruption in the Construction Industry

The construction industry is prone to corruption at all project stages. It has been identified as the second most prone to corruption lagging only behind the arms trade.

Corruption takes place in the procurement process and the implementation stage through certification of quality and quantity of work completed on site and in the payment for that work once certification is obtained. Action will be taken to prevent corruption in the construction industry in Lesotho including the following:

8.6.1 The government in collaboration with all stakeholders in the construction industry will commit themselves towards and set standards for the preventing corruption in the construction industry by taking action on:

- Enhancing transparency and accountability in procurement, design and contract administration, by the pre-evaluation publication of evaluation criteria, the post evaluation and award publication of evaluation scores and bid prices.
- Investigating the best systems and moving towards method of e-procurement as early as possible within the industry.
- Carrying out mandatory technical audits of all registered projects.
- Monitor timing of contract payments on registered projects with a view to reducing payment delay.
- Promotion of Project Anti-Corruption Systems (PACS), such as those advocated by Transparency International

## 8.7 Promote the application of cost effective and innovative technologies.

Construction practises are conservative and change is difficult to initiate within the industry due to the prevalence of tried and tested method and the dangers both financial and to human life of failure. This risk averse attitude of construction industry workers and professionals makes innovation difficult. At the same time technology is rapidly changing and new materials and techniques are being discovered all the time. Also local materials and techniques can prove most cost effective if applied to the appropriate application. Standard specifications will not allow innovation or method related changes that may be beneficial to the industry and to clients. Therefore government will support the development of techniques, methods and materials that are cost effective through the encouragement of research and on site applications in trials and the dissemination of information from all quarters in the search for and advancement of best practise for the country's construction industry. Supporting actions include:-

- Research activities for the industry will be encouraged by technical institutes and on site trials to test transferred technology.
- The CIC will be mandated to actively search for advanced technologies that will serve the country and to arrange for the site trials that will promote and adapt the techniques to the Lesotho situation.
- the use of local materials will be encouraged and specification will be adapted to their use where necessary to ensure no reduction in standards is involved.

## 8.8 Ensure application of practices, technologies and products which are not harmful to both the environment and human health.

By its very nature, the construction industry can be a source of environment damage and human health problems unless construction activities are pursued with optimum sensitivity. The potential harm may also be indirect, arising from construction products such as cement, lime and bitumen, as well as from the manufacture of construction machinery and equipment. Construction exposes workers to dust and noise pollution, and safety challenges which require maximum care. Large construction projects can destroy the natural habitat of animal and plant species, and destabilise fragile ecosystems. Measures therefore need to be put in place to render construction environmentally responsible and not hazardous to human health. To this end, Government will ensure that the CIC supports sustainable national economic and social development. Key actions in this regard will include:

8.8.1 rendering support to industry stakeholders to ensure conformance with procedures for environmental impact assessment prescribed under the Environment Act 2008;

8.8.2 undertake research and promote programmes geared towards the use of technologies, products and services that are environmentally sensitive and not harmful for human health and safety;

8.8.3 sensitise contractors, professionals and other industry stakeholders on the importance of occupational health and safety of workers in the execution of infrastructure projects:

8.8.4 promote the dissemination of information and training on sustainable construction practices and products and human health and safety;

8.8.5 Ensure that contractors and consultants have comprehensive safety and health schemes at work places prior to being allowed to participate in physical infrastructure development and maintenance;

8.8.6 enforce adherence to good practice guidelines, standards and codes of practice intended to assure the resilience and quality of constructed facilities and infrastructure.

## 8.9 Enhance participation in regional and international co-operation

As a member of the African Union (AU), the Southern African Development Community (SADC) and the Southern African Customs Union (SACU), Lesotho has certain distinct advantages that could make it easier for construction goods, services and personnel to move beyond its borders. Despite this, however, little has been done to sweat the bilateral and multilateral arrangements for purposes of facilitating the export of goods and services to other countries. Construction industry stakeholders have been internally focused while external contractors and professionals have consistently nabbed a substantial amount of the lucrative projects. In this era of globalisation, it is not possible to completely shut out external competition, so actions need to be taken to enable local construction stakeholders to compete favourably for jobs outside Lesotho. These will require Government to:

8.9.1 Promote strategic alliances, including joint ventures, with regional and international players geared towards the facilitation of exports, and implement or negotiate international protocols and other agreements necessary to support such strategic alliances;

8.9.2 Create incentives including financing schemes, and establish business advisory services with information on export market opportunities

8.9.3 Support local enterprises to build capacity for the delivery of good quality goods and services for international competitiveness.

### 8.10 Improve co-ordination, collaboration and performance of the institutions, associations and client organisations

- Support the formation of business association, professional bodies and learned societies for the development support and control of codes of conduct for members in the construction industry.
- Support self-regulatory mechanisms for members of business associations as a way of ensuring delivery of quality service, competitive performance and prevention of corruption.
- Provide training and guidance on innovative approaches to problem solving to members so that they can effectively respond to challenges of development and performance.
- Promote application of technologies and practices, which are cost effective and affordable having, regard to poverty eradication, environmental protection, human health and safety.
- Participate in regional and international collaborations for the purpose of capacity improvement, performance improvement, and promotion of export of services and goods

## 9 CONCLUSION

This policy for the construction industry addresses the long standing concerns of stakeholders and participants in the industry as well as formulating government's objectives for the future. This comes at a time when opportunities for the industry are growing and the industry itself must take responsibility for development with government support.

This support by government through the implementation of this policy will require the full participation of all stakeholders in cooperation with government for the development of the industry. The reforms that are introduced through this policy will need the support of all stakeholders and provide scope for the involvement of development partners who support the goals of development of the construction industry. Within the industry itself greater stability, improved access to training and a career path linked to entrepreneurial development will ensure growth that coincides with the need to create sustainable employment.

In an increasingly global construction market the Lesotho economy as a whole and the local construction industry will benefit from a more competitive industry able to provide innovation locally and to export construction services to the region.

The dialogue that has been opened between MOPWT and the industry players both private and public sector during the process of policy elaboration will serve the industry well and should be maintained as implementation of the policy moves forward. The creation of strong independent bodies for business development, regulation and professional association with leadership and well qualified staff as set out in this document, with commitment from client ministries to use properly registered consultants and contractors and with positive assistance from all supporting organisation will lead to the goal of a well developed national construction industry playing its part in the achievement of vision 2020.