

GOVERNMENT OF THE KINGDOM OF LESOTHO



LOCAL CONSTRUCTION INDUSTRY DEVELOPMENT STUDY

for

MINISTRY OF PUBLIC WORKS AND TRANSPORT

Integrated Transport Project (ITP)

IDA Project No P075566 -LSO

STAKEHOLDER WORKSHOP II CONTRACTING ISSUES JULY 2011



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WORKSHOP TITLE LESOTHO LOCAL CONSTRUCTION INDUSTRY DEVELOPMENT WORKSHOP ON CONTRACTING ISSUES

Venue: Maseru Sun Hotel Maseru

Date: 26th July 2011

Process

The agenda for the workshop is attached as Annex B. The process followed this timetable with some slight amendments that are detailed below. The workshop was attended by 35 of the 42 invited participants mostly from Contracting companies together with client organisations and some consultants. The full participants list is attached to this report as Annex D.

The workshop registration began on time and extended until the opening of the workshop at 9:30 AM. Some participants continued to arrive and register after the opening and joined the discussions in progress. The workshop was opened with a word of prayer and the MC Mr. Khasapane Kikine asked the participants to introduce themselves before asking the Director of Maintenance from the Roads Directorate Mr. T. Matsotso to open the workshop on behalf of the Principal Secretary of the Ministry of Public Works and Transport. The remarks from the PS, read by Mr. Matsotso, emphasised the vital role played by the construction industry in the development of the country and the need to develop the industry further to ensure the Government's policy objectives of poverty alleviation and employment led development. The remarks further explained the objectives of the current study and the desire by the government that any legislation that comes as a result of the study should have been arrived at through a consultative process that includes today's workshop and further reflection from the participants that are welcome inputs to the study. The PS encouraged the participants to take ownership of not only the workshop results but also the results of the study as a whole.

Further opening remarks were given by Mr. Carl Berentsen who introduced the on-going study into the development of the construction industry in Lesotho under the funding from the World Bank. He described the role and intension of the study and how the current workshop and the comments and ideas of the participants would be taken forward into the policy recommendations and draft legislation that are the main outputs of the study. He also introduced the study team.



The MC of the opening session Mr. Kikine then handed over the workshop to the moderator to conduct the main working sessions of the workshop in accordance with the agenda. After the opening remarks the participants were provided with presentations from the consultant that were aimed at bringing the participants up to date with the situation of what has happened since the first stakeholder workshop in June. Copies of the presented slides are attached to this report as Annex C and are will be available to the participants and others through the web site of the Ministry of Public Works and Transport.

The two presentations by the TA team leader took a little longer than anticipated and continued after the first break that took place at 11:00. The first presentation was on the

objectives of this further workshop and showed the results and recommendations from the first workshop and how they have been developed by the consultant into draft recommendations for policy. The role that the present stakeholder workshop will now play is to confirm or amend those recommendations and guide the consultant in how to develop those policy recommendations into details to be entered into legislation (the draft construction industry act). These will then form the most important parts of the output of the study.

The second presentation was a repeat of the presentation from the first workshop on what is being done in other countries within the region. The intention of this repetition was to both remind those who attended the first workshop but also to inform those key stakeholders who had not managed to attend the first workshop in June.

As part of the presentation process the sequence of workshops was explained and the fact that two workshops were being held on 26th and 27th July with different sets of participants. The present workshop with a high participation from contracting companies is aimed at producing input to the main construction industry act and the details of protection, support and registration of local contracting companies will be the focus. The third workshop to be held on 27th July with most participants being drawn from the construction industry professionals, Architects, Engineers and Quantity surveyors is aimed at producing inputs from those same professionals towards developing separate legislation for the registration and development of Construction Industry (or Built Environment) Professionals.

After the presentation the participants broke off into 3 working groups to discuss and produce recommendations for the topics of:-

1. Protection of local contractors
2. Support to local contractors
3. Registration of contractors

The participants were allocated to the 3 groups ensuring a roughly even distribution across all the groups, so that opinions from the various parts of the industry were represented in each of the discussion groups. The detailed question tasks for each group are included in the description of the results in annex A. All groups completed the task assigned and documented the results of the discussions in the preferred manner for presentation.

This group work took up the rest of the morning session to the lunch break.

After lunch break the participants were asked to present the group work to the main plenary session. A representative from each group presented the group results to the whole plenary and then answered questions from the main body on their findings. The plenary was able to comment on each of the group results and the comments and discussions of the plenary were recorded for inclusion in the results, were appropriate. This more traditional session than the first workshop is more appropriate to the smaller size of this second workshop and allowed interaction across the whole plenary of all participants together. .

After the presentation by the groups to the plenary and the discussions on each groups results the consultant described the process by which the results of the workshop will be included into the policy and legislative documents being developed.

Following this the consultant handed back the management of the sessions to the Ministry of Public Works and Transport and the workshop was officially closed. During the closing remarks the participants were informed that the document produced so far by the consultants are available on the Ministry of Public Works and Transport web site and that the purpose of having them there is for comments. The participants themselves were encouraged to

comment on the documents and also encouraged to inform other interested parties to also send their comments either direct to the consultants or to the Ministry.

The participants were also reminded that a lot of the responsibility for realising the outcomes of the study and development of the construction industry in Lesotho lies with them. It is the people of Lesotho and the construction industry stakeholders in particular who will push, campaign, and lobby for the enactment and implementation of the required construction industry development policy.

The workshop was closed on time at 16:00.

Method

The first sessions were taken in plenary and information was presented using PowerPoint software and a digital projector. This method affords ease of display and clear presentation provided electrical power is secure and correct preparation has been carried out.

The group discussion sessions utilised the card and chart (ZOPP/metaplan) method of visualisation of the discussion. This method of visualisation of discussions is normally used for logical framework analysis and has a number of advantages.

- a) By pinning cards to the board immediately an issue is raised during the discussion, the focus of group members is naturally drawn to the card and helps to focus the discussion and speed the process.



- b) The writing on the cards is anonymous and no record is made of who raised any particular issue or objection. The final result is the consensus of the group and can be presented as such. This helps to give participants the confidence to raise issues that may be sensitive or contentious. This can also be of great assistance when recording discussions made under the Chatham house rule.
- c) The cards pinned to the board represent the ideas of the group. These cards can be re-arranged on the board during the discussion to show the organisation of thoughts and grouping of ideas. This flexibility has clear advantages for discussion visualisation over writing on flip charts or other media where once written words are fixed and can only be changed by erasing and starting again.
- d) The discussion is immediately recorded in a visual format ready for presentation. No further preparation of visual media needs to be done before presentation of the groups' discussion to plenary or to senior officials who may come to officially close the workshop.

The presentation by the groups to the plenary help to build a sense of ownership for the results as members from the participants themselves are seen to present and answer questions from the larger plenary and defend the results of the group.

With this more traditional method (than the method used in workshop 1) of plenary presentation by the group the plenary discussion needs to be recorded by the moderator (or documentalist, or other some appointed person) so as not to be lost from the record.

Results

The main results of the workshop are the outcomes of the group and round robin discussions which were recorded and are presented in annex A of this report.

What follows in this section is the moderators summary of the key points that were brought out in the discussion. These are the opinions of the writer based on the results in the annex A and the discussion that took place. Annex A is a true representation of the group discussion unaltered or amended.

Figure 1 Visualisation of Group1 Results

Summary of the key points from the **Group 1:- Protection of local contractors in draft act.**

The group, made up of a cross section of registered contractors from different classes together with , discussed the given task and came with the following results/recommendations.

The first question that the group dealt with was the definition of what constitutes a "local" company. The group recommendations on this issue follow.

The Act should contain definitions of local companies that include:-

- A greater than 50% ownership share of the company should be owned by Lesotho citizens.
- The company must be legally registered in Lesotho.
- The Company should have a real physical presence in the country that can be demonstrated with a physical office address that can be verified, locally registered equipment, and employment of local professionals/ skilled workers. This presence will also be verified through the tax status of the company.

The group also dealt with the question of what type and level of protection could be afforded to the local companies. This issue generated a lot of animated discussion. The final agreed results were:-

- The act and/or any amendments to the procurement regulations should provide for protection to local contractors in the form of a 15% preference margin in the evaluation stage of the procurement process. This will mean that local contractors may be 15% higher than a foreign contractor in terms of price, but still be awarded the project. This advantage can be justified on economic grounds, especially for public works that are funded from government sources, by the fact that the economic benefits accruing to the country from the employment of local companies far outweighs the financial margin provided. These benefits range from employment creation to the multiplier effect of locally circulating funds.
- The laid down procurement procedures should only allow for international competitive bidding on projects above a certain value (set by the group at 100 million Maluti). Below that threshold only local bidding should be allowed.
- The Construction industry act or the amendments to the procurement regulations should compel any foreign company winning a tender to lead a registered project construction job to sub-contract a minimum of 20% of the work to local firms.



- Foreign companies entering the country to carry out work on registered projects should not come with their own set of sub-contractors but employ local sub-contractors instead. In addition where sub-contracting to a foreign company is necessary because of specialised work or services that are not found in Lesotho a special sub-contract for 20% of that specialised work should be awarded to a local company as part of a mentoring process to increase the local skill base within the construction industry.

On the question of protection from “fronting” or bogus sub-contracting the group saw that this may develop into more of a problem if the recommended margin for local contractors is implemented as foreseen. Any remedy involves the work being monitored by an authorised person to check that the contractor awarded the project is actually the one carrying out the work. The group recommendations are:-

- The Construction Industry Council should be mandated to act as the monitor for such practices. They should investigate reported incidences and also carry out random routine checks.
- There should be heavy penalties for fronting and the best place for these is in the Special Conditions of Contract. As part of the function of the council is to standardise contract documents these special conditions should be part of the standard document for Lesotho.

During the presentation and discussion sessions Participants from the plenary commented on the work of group 1 and concurred with the addition that one aspect that could also be checked as part of the monitoring process is that a *70% presence of the main Local contractors resources to be mobilised on site*

The full final representation of the visualised meta-plan board of group 1 together with a record of the flip chart summary of point for presentation can be viewed in Annex A

Summary of Group work results

Group 2. Support for Contracting Companies.



The first question the group was asked to discuss was how the construction industry levy could be used to assist contractors to access credit.

The group discussed fully various ideas for utilisation of the levy fund for this purpose and came to a number of recommendations

that are summarised below.

Access to credit.

- Part of the fund should be developed as a Credit guarantee scheme similar to the one in operation in LNDC, this arrangement should be formalised by the council with one or more of the local commercial banks.
- The fund could be used as a grant to support the contractors association.
- The fund should be used to provide surety on loans and other financial instruments through commercial banks in support of contractors. It was pointed out that the fund could not be spread thinly to all registered contractors and surety could not be given to everyone. The consensus was that the recommendations for the receipt of support from the fund would have to be filtered through a contractors association. This association would be supported by the Construction Council and held responsible should any recommended contractor default on the bond or guarantee with the commercial bank. The regulations governing the use of the fund would need to be very tight and clear to all and the council would have to engage experts to manage this aspect of the fund.
- Other ideas that arose could all be collected under the above and basically convened towards the same scenario that the levy managed by the council would not be used directly as credit for contractors but would act as support to contractor's own financial dealings with commercial banks.

Access to Equipment

The discussion over equipment took into account the present situation where the smaller contractors hire from the larger ones. The old government plant pool is no longer in operation and no one advocated a return to that scenario. Hiring of equipment from across the border is difficult and expensive but the larger contractors do this. The group came to the conclusion that.

- Equipment owned by members of a contractors association could form a pool for hire when not in use by the owners. The hire and allocation could be managed by the association.

- The situation could be recognised in clauses in the contract enabling leasing between contractors.
- The government and the new construction industry council should promote the development of plant hire companies in the country.
- The council should find a way to provide guarantees required by plant hire agreement with manufacturers and suppliers.
- Separate plant hire companies from contracting companies.

Support to Training

and consultants to compete in the international market publish best practice guidelines and standards.

- The council will liaise with academic institutions and with TVD to develop the required curricula to mount accredited courses. At the same time the council will prescribe which courses will be mandatory for contractor's staff in order to move up in the register from one class to the next.
- The council will conduct series of seminars, workshops and refresher courses for skilled construction workers and professionals. Continuous professional development will be encouraged by the regulations of the council and by requirements for professional registration.
- Mentoring programmes will form a necessary part of all long duration registered projects that will go together with structured training programmes.

The group presented their results to the participants in the full plenary session. Comments and discussions took place and the consensus of the plenary added the issues of encouraging mentoring also between local contractors and the issue of continuous professional development being a most important item to be taken forward to the next workshop for CI professionals..

The full representation of the groups discussions together with the comments from the plenary can be seen in Annex A.

Group 3: REGISTRATION OF CONTRACTORS

Group 3 had the task of determining the details to be included in the draft Act for registration of contractors. It was a difficult balance to strike between detail and principle as to what level should be included in the draft act. At the level of an act it is not advisable to be too detailed as some room needs to be left for changing circumstances and shifts in policy. It is not efficient to be returning to Parliament too often to amend acts when circumstances change. The principle is to provide just enough detail on which the principles can be determined and leave the day to day details either to secondary legislation or to the authority of appointed bodies, such as the construction industry council or a sub-committee of the same.

The first question that the group was asked was whether the contractors should be held in one register or different categories should be held in different registers. The answer was a categorical



opinion that all construction industry contractors should be held in one central register but that they should be categorised within that register into the different disciplines and further sub-divided into specialist or single operations contractors within the broader categories. The details answers were:-

- One registration boards with different disciplines; rural water, urban water, roads, buildings, electricity etc.
- One company shall be allowed to register in more than one or all disciplines but only one class in each discipline.
- The perceived advantage of the single register is that all contractors will come under the authority of one body and the code of practise laid down.

The second question was about who should hold the register and again this question bought an immediate response that the registration should be maintained by the Construction industry Council, independent from any of the client ministries. The other aspects of business licensing have to be retained and member of the registration board will need to contain members from law office and trade and industry.

The third question was on the restrictions to be placed on contractors from one class working on jobs of a different class. This question generated much more debate. There was general agreement that contractors of a lower class should not be allowed to work on projects of a higher class except as sub-contractors for the appropriate class of work. The debate was over allowing contractors of a high class to bid for and work on projects of a lower class. The argument centres on the scenario where work is scarce and no high class projects are available. No real resolution or consensus was achieved but the group finalised on keeping contractors to Work on projects of their own classification. The consultants will have to come up with a recommendation to resolve or partially ameliorate this real problem.

Some helpful details were presented by the group.

- The tender documents should clearly specify the Class of contractor required to carry out the project.
- Sub-contracting should be introduced as mandatory for all projects of higher classification. Local contractors as well as foreign contracts should be held to this mentoring process as part of the high class contracts.

The full representation of the groups deliberations is contained in ANNEX A

The results of the group discussion were presented by a member of the group to the plenary of all participants and discussed fully. The same discussion took place about the ability/regulation to restrict contractors only to the class of projects to which they are registered. The discussion comes from a desire to share out the available work among local companies on the one hand but at the same time recognise that businesses have to survive in hard times by doing any appropriate work that is available. During the plenary discussion the point was raised that larger companies of higher class will have higher overheads and costs and they are unlikely to be able to put in a competitive bid for low class work against contractors with smaller fixed costs. This point was countered with the opinion that such companies might decide that they could provide “loss-leader” bids to keep their plant and personnel busy while waiting for the next big job to come along. No changes were made to the groups results presentation.

Moderator's Comments

The workshop was well attended with 37 out of the 42 invited participants. This workshop was specifically for contractors but other sections of the construction industry were needed to provide background information and input into the discussions. These came mainly from client organisation. The Deputy Principal Secretary of the Ministry of Public Works and Transport was represented by the Director of Maintenance of the Roads Directorate Ntate Matsoso. A number of officials of the Roads Directorate and the Building and design services department of MOPWT were in attendance and their active participation was very beneficial. Ministry of Local Government and the Department of Rural Water Supply fully participated in the discussions for the full period of the workshop.

The level of participation from the people who attended was very high. The level and relevance of the contributions from everyone made the workshop very successful.

The early morning session was used to revisit the study objectives and the progress made in drafting policy for the development of the construction industry in Lesotho since the first workshop. The sessions both before and after the first break also took a repeat look at the situation in neighbouring countries. The presentations, and short plenary discussions of the first part of morning to bring everyone up to a level of knowledge of the current situation and the point of policy and legislative development at which the results of the workshop could be targeted. The later morning session was used for participant discussions in focus groups to provide additional detail to the drafting of the overall construction industry development act. The level of contractor participation was key to this workshop and their outputs from the groups together with the plenary discussions can provide a basis on which to draft the appropriate legislation..

The willingness of all participants to contribute and openly discuss even sensitive problems such as rivalry between companies was most refreshing and contributed to the success of the workshop. The flexible and mature outlook of all participants allowed the workshop to reach a successful conclusion.

With the experience from the first workshop in June the timings of this workshop were better planned and things worked more or less as predicted in terms of timing. Participatory workshops of this nature require a certain amount of information dissemination usually in the form of presentations. The correct split in the timing between presentation time and discussion time was correct during this workshop and this allowed more time for discussion both in groups and in plenary.

The results of this workshop will be used to improve the draft Policy report that is already in first draft form and will feed particularly into the drafting of the construction industry development act that is also in its early stages of development. The results of the workshop will also inform the other recommendations for amendments to the procurement regulations and legislation towards the registration and development of the built environment professionals.



ANNEX A RESULTS OF WORKING GROUP DISCUSSIONS

SUMMARY OF THE CONTRACTOR REGISTRATION & DEVELOPEMT QUESTIONS									
DATE:	26/07/2011								
VENUE:	MASERU SUN CABANAS								
GROUP:	1								
	LOCAL					PREFERENCE			FRONTING
Company Head Q must be in Lesotho	Fully established operation in Lesotho	Proportional to Local shares with threshold	10% Discount on above foreigners in Tenders	Local to have 15% over Foreigner	Preference should be given to Locals who meet the shareholding % and other requirements	Protect fronting by: putting in place clauses that prohibit fronting by all its means, heavy penalties for fraters	Council to have Office to Spot check	Put in a Contract Clause preventing "FRONTING"	
Locally registered in Lesotho in Terms of company Act	Company ownership must b 51% a Mosotho by birth	Locals to be given 20% Margin	In any tender, 20% must be sub-contracted to Locals	In any Tender 20% must be Sub-Contracted	Financial Requirements to be lower	All companies must be screened: CV's be clearly stated & monitor regularly	Spot checks by Council. Penalty to be heavy when found	Serious measures to be carried out	
Basotho shares greater than 50%	Basotho shares greater than 50%	Foreign Contractors to be registered only for specific job & go afterwards					Fronting signatories to contract must avail themselves on every contractor site meetings		
Local by Birth and/Registration	Citizenship with at least 51% shareholding	Ownership being Lesotho Citizen							
	Local by birth not Nationalism i.e.- Citizen with no conditions								

SUMMARY OF THE ANSWERS

1. Local:

- **Citizens of Lesotho**
- **Registered in Lesotho**
- **Shareholding > 50**
- **Physical Presence/Established Tax Liabile**

2. Preference:

- **Evaluation at least 15% qualifying**
- **Threshold < M100,000,000-00**
- **Specialised Work > 20% subcontracted to locals**
- **International Companies cannot come with subcontractor**

3. Fronting

- **Council to be mandated for monitor fronting**
- **Heavy penalties for Fronting be built into SCCS.**
- **70% presence of contractors Resources**

<u>SUPPORT</u>	Group: 2							
HOW TO USE LEVY TO GET CREDIT?	Develop it as a partial credit guarantee with local bank	Grant to support Contractors Assoc	Surety on loans with commercial banks	As a guarantee based on your financed risk according to banks guideline	Levy should be regarded as collateral with financial Institutions for credit access			
HOW DO CONTRACTORS GET BETTER ACCESS TO EQUIPMENT?	We can have common pool of equipment to be given to contractors in need	Contractual Clause to enable leasing between Contractors	Promote plant and equipment hire companies	Guarantee plant hire agreements with plant manuf/suppliers	Separate Plant and equipment Companies from Contractors			
HOW DO WE SUPPORT TRAINING?	Academic Institutions to liaise with the council to develop curriculum	There can be an association to conduct seminars/workshops or refresher course for Construction Professionals	Structured training to be built in projects	Mentoring to be encouraged	Develop Accredited Training Centres			
	Continuous Professional Development	Prescribe basic Mandatory course for Contractor and Staff	Promote Contractor Development Programmes that incorporate training/mentoring etc	Workshops with skilled trainers for Contractors				

SUMMARY OF THE ANSWERS

1.

- **Develop it as a partial credit guarantee with local bank**
- **Grant to support Contractors Assoc**
- **Surety on loans with commercial banks**
- **As a guarantee based on your financed risk according to banks guideline**
- **Levy should be regarded as collateral with financial Institutions for credit access**

2.

- **We can have common pool of equipment to be given to contractors in need**
- **Contractual Clause to enable leasing between Contractors**
- **Promote plant and equipment hire companies**
- **Guarantee plant hire agreements with plant manufacture/suppliers**
- **Separate Plant and equipment Companies from Contractors**

3.

- **Academic Institutions to liaise with the council to develop curriculum**
- **There can be an association to conduct seminars/workshops or refresher course for Construction Professionals**
- **Structured training to be built in projects**
- **Mentoring to be encouraged**
- **Develop Accredited Training Centres**
- **Continuous Professional Development**
- **Prescribe basic Mandatory course for Contractor and Staff**
- **Promote Contractor Development Programmes that incorporate training/mentoring etc**
- **Workshops with skilled trainers for Contractors**

Group:	3	<u>REGISTRATION</u>				
All in one Registers or seperated into portion?		Who holds Register?	What restrictions on Contractor of one class doing work in lower class?	What are requirements for registration		
One registering body-Dif Disciplines: rural water, Buildings, Urban Water, Roads, Electricity etc.		Board to Constitute: Members Law office, Members Trade, Others (Contractors)	Tender Documents to specify clearly what class	TRADING LICENCE, Certificate of Incorporation, Company profile.		
One Company/Contractor shall be allowed to register for all disciplines if necessary		Maintain: *Law office-Legal Recognition.Trade- General Trading Licence. CIDB-Bound by CIDB Code of practice	No high class Contractor to work at lower class works			
Benefit one registration body is legislation of all Contractors			Lower class Contractor should not work at higher class works			
			Board or its Departments to classify Contractors			
			By Law, higher Contractors should Sub Contract parts of the work to smaller Contractors			

ANNEX B AGENDA**AGENDA****CONSTRUCTION INDUSTRY DEVELOPMENT WORKSHOP****Development of Contracting Companies****VENUE** Maseru Sun Cabanas**DATE** 26/07/2011

TIME	SESSION	CHAIR
8:30	Morning Coffee/ Tea	
8:30 to 9:15	Registration of Participants	ITT
9:15 to 9:45	OPENING SESSION and INTRODUCTIONS	MOPWT
9:45 to 10:00	INTRODUCTION TO WORKSHOP THEME	ITT
10:00 to 10:30	PRESENTATION OF CONTRACTING ISSUES FROM 1 st WORKSHOP	ITT
10:30 to 10:35	POLICY DEVELOPMENTS/ RECAP REGION OPTIONS	ITT
10:35 to 11:00	BREAK	
11:0 to 12:45	FOCUS GROUP DISCUSSIONS	ITT
12:45 to 13:45	LUNCH	
13:45 to 14:45	GROUP PRESENTATIONS TO PLENARY	ITT
14:45 to 15:30	PLENARY DISCUSSIONS	ITT
15:30 to 15:45	BEAK	
15:45 to 16:00	NEXT STEPS	ITT/ MOPWT
16:00	CLOSE	MOPWT

ANNEX C Presentations

Session 1 STUDY AND WORKSHOP OBJECTIVES

Slide 1



Slide 2

LCIDS

**LOCAL CONSTRUCTION INDUSTRY
DEVELOPMENT STUDY**

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.

Slide 3

STUDY OBJECTIVES

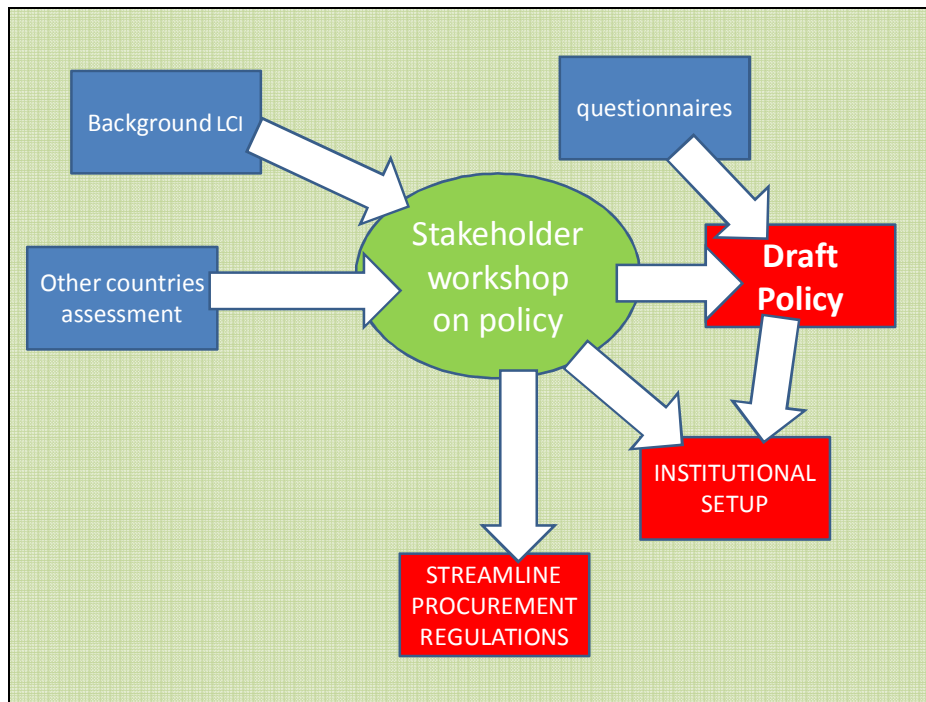
- Develop and draft the Construction Industry and Built Environment Professions Policy.
- Develop and draft Local Construction Industry Development Act.
- Develop and draft Built Environment Professions Act(s).
- Draft guidelines for promotion of best practice .
- Streamline the current Public Procurement Legislation.
- Prepare an action plan for implementation

Slide 4

OBJECTIVES OF WORKSHOP

- OUTLINE CONTRACTING CLAUSES FOR CONSTRUCTION INDUSTRY DEVELOPMENT ACT
- HOW TO ENACT CONTRACTOR REGISTRATION
- HOW TO LEGISLATE TO DEVELOP LOCAL CONTRACTORS
- HOW TO LEGISLATE TO PROTECT LOCAL CONTRACTORS

Slide 5 The story so far:

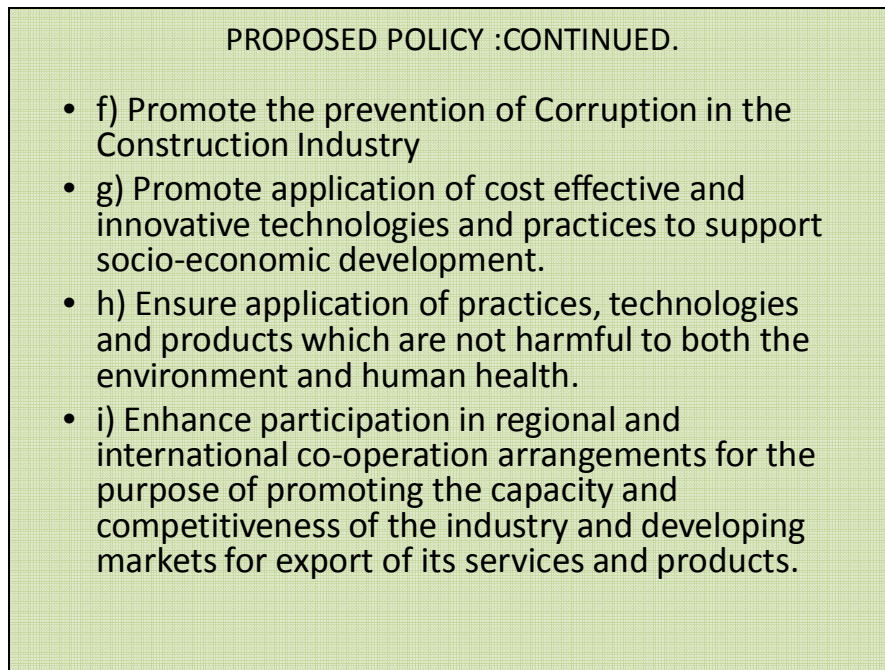


Slide 6

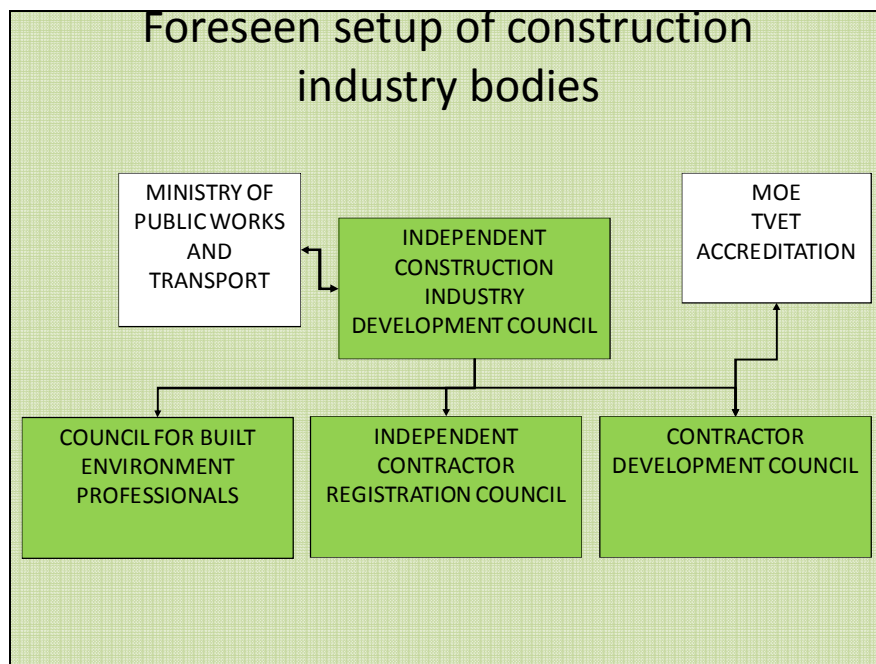
Policy Proposals

- 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;

Slide 7



Slide 8

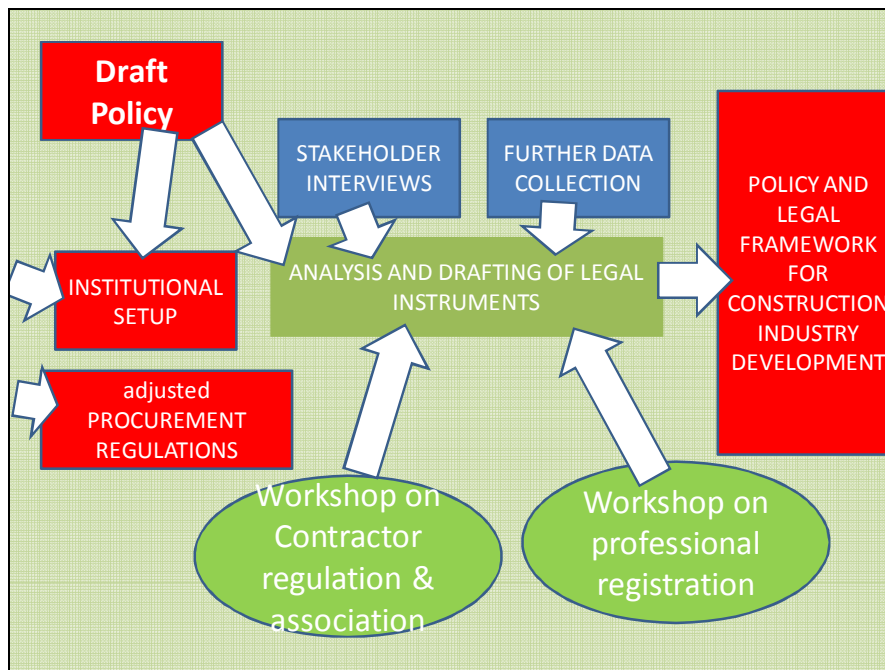


Slide 9

Proposed adjustments to procurement regulations

- Include Local preference.
- Procurement audits on all Public construction projects.
- Make separate regulations for Works and construction services.
- Regularise Bid security
- Introduce Appeals procedure and independent body.
- Move towards e-procurement.

Slide 10 PRESENT SITUATION WHERE THIS WROKSHOP FITS PROCESS



Slide 11

Contracting issues from 1st Workshop

- Registration as a protection for bone fide contractors. (eliminate briefcase contractors from the register)
- Registration as a Protection for Local contractors.
- Construction council to register all contractors.
- Construction levy on registered projects.
- Standardise Tender documents for small projects.

Slide 12

Contracting Issues Contd.

- Council to support contractor access to equipment.
- Council to support contractor access to Credit.
- Construction council to coordinate training of contractors and accreditation of training courses with TVET.
- Council to publish guidelines for best practise.
- Council to oversee the protection of Local companies in Joint ventures and Sub-contracts.
- An appeals body for Contract procurement.

Slide 13

TASKS FOR GROUP DISCUSSION PROTECTION

- DEFINE “LOCAL” FOR PROTECTION OF LOCAL CONTRACTORS
- DEFINE HOW TO GIVE PREFERENCE TO “LOCAL” CONTRACTORS IN TENDER PROCESS
- HOW DO WE COMBAT “FRONTING” OR HIDDEN SUB-CONTRACTING.

Slide 14

TASK FOR GROUP DISCUSSION SUPPORT

- HOW DO WE USE CONSTRUCTION LEVY TO SUPPORT ACCESS TO CREDIT
- HOW CAN WE SUPPORT BETTER ACCESS TO EQUIPMENT
- HOW DO WE SUPPORT TRAINING OF CONTRACTORS STAFF

Slide 15

TASK FOR GROUP DISCUSSION REGISTRATION

- **CONTRACTORS ALL IN ONE REGISTER OR SEPARATE? WHAT KIND OF SEPARATION?**
- **WHO REGISTERS CONTRACTORS CONSTRUCTION INDUSTRY COUCIL OR SEPARATE CONTRACTOR REGISTRATION BOARD?**
- **WHAT RESTICTION DO WE PLACE ON CONTRACTORS FROM ONE CATEGORY WORKING ON PROJECTS FROM ANOTHER CATEGORY?**

ANNEX D Participants List**WORKSHOP ON CONTRACTING
ISSUES**

DATE: 26/07/2011

VENUE: MASERU SUN (CABANAS)

no.	<u>Name</u>	<u>Surname</u>	<u>Company/Organization</u>
1	Carl	Berentsen	Team Leader- IT Transport
2	Keketso	Chaletse	MCA- Lesotho
3	Yemane	Gebrekidan	Sigma Constructon
4	Dave	Jennings	Director- IT Transport
5	Tiro	Khoee	Tiro Construction
6	Khasapane	Kikine	Roads Directorate
7	T	Lebitsa	T & S Building Construction
8	Lelecha	Lebona	Roads Directorate
9	A.T	Lehobo	SM Consulting Engineers
10	M	Lephatsa	L & S Civils
11	Sefotho	Lephole	Likoankoetla Construction
12	Mohapi	Lepolesa	LGS
13	Lepolesa	Lepolesa	YARONA Contractors

no.	<u>Name</u>	<u>Surname</u>	<u>Company/Organization</u>
14	Sekatle	Letlola	Makheka Construction
15	Neo	Letsapo	W. N Letsapo Construction
16	M.F	Mahintona	Roads Directorate
17	Mapula	Makara	Legal Aspect- IT Transport
18	Thabang	Malise	Likoankoetla Construction
19	Tikoe	Matsoso	Roads Directorate
20	Elias	Mei	MCC
21	Modise	Modise	Modise Civils
22	Nkuyane	Moeketsi	TMCW
23	L	Mokhanoi	Mokh.Mothers Delight Construction
24	Katleho	Molapo	KAZE Construction
25	Lerato	Molefe	Roads Directorate
26	Moreo	Mona	BDS- Works
27	Mocha	Moruthane	MOCHA Construction
28	Moliehi	Ntlhakana	Roads Directorate

no.	<u>Name</u>	<u>Surname</u>	<u>Company/Organization</u>
29	T. Mohale	Ntsere	BDS- Works
30	Mahlomola	Pokello	BOFOMA Construction
31	M	Ramonaheng	MOLG
32	Anil	Syhal	Nthane Brothers
33	Thomas	Taolana	Nthane Brothers
34	Ramashamole	Thaanyane	DRWS
35	Meriam	Thokoa	Flash Construction
36	George	Thokoa	GMT Civils
37	Paseka	Thotanyanaa	TMCW

ANNEX E Opening Speech

LOCAL CONSTRUCTION INDUSTRY DEVELOPMENT STUDY 3RD STAKEHOLDERS WORKSHOP CONTRACTORS

WELCOMING REMARKS

(Speech delivered by T.K Matsoso on behalf of the P.S Works)

On behalf of the Principal Secretary for the Ministry of Public Works and Transport, allow me to pay respects to his Majesty King Letsie III

The Right Honourable the Prime Minister, Dr. Pakalitha Mosisili

The honourable Members of the Senate

The Honourable Members of the Parliament of Lesotho

The Honourable Members of the Cabinet, in particular

The Honourable minister of Public Works and Transport

And Ladies and Gentlemen

Allow me again Master of Ceremonies to first convey apologies of the Principal Secretary in the Ministry of Public Works and Transport for not being able to attend these very important consultations with Key Stakeholders of the Local Construction Industry. However, I have been requested to represent him and read his welcoming and opening remarks.

The Principal Secretary's speech is as follows;

Ladies and Gentlemen:

“Let me begin by taking this opportunity to remind you that the Ministry of Public Works and Transport has for some time and currently undergoing transformation process in the management of the growing construction Industry driven by the need to improve in the Construction of new and maintenance of existing Infrastructure.

The Ministry therefore took it upon to initiate the process by commissioning of a study on Local Construction Industry Development through services of a consultant. Following the normal International Procurement procedures from October 2010, a contract was entered into with IT Transport-a consultancy firm based in London, in the United Kingdom. The study commenced in April 2011 and this is the third consultation process aimed at development of the built environment professionals' policies and follows the first two consultation/workshop sessions held earlier. The first was held at 'Manthabiseng Convention Centre on the 17th of June 2011 where the overall Construction Industry Policy was addressed. The second was held in the same venue as this workshop, on 26th July 2011 (Yesterday) where only Contractors were invited. A report of the first Workshop has been compiled by the Consultant and freely available on the Ministry's website.

Ladies and Gentlemen:

I am quite sure you will agree with me that the Construction Industry performs an indispensable role in the economy of any country, more so in Lesotho as a developing country, by provision of the necessary infrastructure which is fundamental for any kind of development to take place. Further, within the Poverty Reduction Strategy of the Government of the Kingdom of Lesotho, the needs for increased employment opportunities and provision of Infrastructure in the form of linkages to markets and basic services as well as shelter are some of the top requirements of the communities.

Central to the strategies that need to be adopted in pursuit of these requirements, is the improvement of human capacities to enhance their gainful employment and positive participation. One of the primary roles of the Government in achieving this is the creation of

an environment suitable for a flourishing private sector that fully participates in economic growth.

Thus, the Government of the Kingdom of Lesotho through the Ministry of Public Works and Transport is fully committed to facilitation and provision of an enabling environment for suitable development of the construction industry. Specifically, the aim is to have in existence a strategy that promotes and fosters economic growth, competitiveness, employment creation, capacity building and empowerment of all relevant stakeholders including the Government implementing agencies, local contractors.

Ladies and Gentlemen:

The Ministry of Public Works and Transport, as the legal custodian of the construction industry in Lesotho, in implementation of the Government's vision, aims to continue development in the following areas:

1. Legislation and Regulation of the construction industry
2. Enabling procurement policy
3. Human resource development
4. Institutional support to the construction Industry
5. Empowerment of contractors through training
6. Improvement of the public sector capacity to manage delivery process
7. Promotion and continued support of best practice
8. Creation of independent Construction Industry body that will register and regulate the local construction industry

Ladies and Gentlemen

Today is another opportunity being provided specifically for all technical professionals in the built environment to discuss problems and issues and determine ways to achieve appropriate and internationally recognized registration and regulation of such professionals in Lesotho. The Consultant's role in this workshop is to facilitate, lead, guide the discussions and record your views. Thus, your continued patience, dedication, full and frank participation are of utmost importance to ascertain your ownership of this very important study.

Ladies and Gentlemen: Your presence in this workshop is very much appreciated, recognizing that you had to dedicate a day in your very busy schedules. You are most welcome and hope you will make this day a fruitful one.

Thank you.