

CONSTRUCTION NEWS

Is the K136bn Zambian construction market, big enough or should we be looking elsewhere?

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• NCC: Aims and Objectives

- To unify the construction Industry, to promote its well being, to strive to create a profitable environment for its constituents, and to establish a united national platform encompassing formal and informal sectors of the industry and its professions
- To contribute to the reconstruction, rehabilitation and development of Zambia and the uplifting of all its people
- To promote and advance the status and public recognition of NCC, its members and the construction industry
- To promote encourage, support or oppose any legislation or other measures affecting the industry
- To address macro issues affecting the industry
- To co-ordinate, improve and facilitate the accessibility of training
- To strive, achieve, monitor and maintain the highest possible standards in the construction industry
- To add and amend these objects from time to time as decided upon by the National Council



Public Private Partnerships: Could they be a potential market for the Construction Industry?
Above: NCC Chairman Dr. F.M. Ndilila (extreme left) with officials at the PPP Workshop held recently .

Latest official Government figures estimate that the Zambian construction market is worth about K136bn (estimates based on 2004 figures). Readers should, however, note that a large chunk of most informal construction activities in this country, especially in the buildings sub sector are not captured in these government figures above. The above figures should further be understood in the context that the above estimates are an aggregation of the two main sub sectors in the industry i.e. Building and Civil Engineering works. Although it will be appreciated that the

Zambian construction industry has in the last 5 years grown at an average of 15% annually, making it the biggest growth industry in the Zambian economy, it is still very small in comparison with other regionally and more especially international markets, including those of our neighbouring countries. In US Dollar terms, our industry is only worth about US\$ 30m, which is far less than the cost of one major construction project in America, Europe or indeed those of the emerging economies of Asia. Even on African average standards, the size of

our industry is still comparatively very small. Countries such as Botswana with a population much less than ours, have an industry far bigger than what we have. With an industry worth only K136bn, we can not even begin to compare ourselves to countries like South Africa, or our own "emerging tigers of Southern Africa": Angola and Mozambique. It is also important to note that of the K136bn Zambian construction market value, 80% or about K109bn is made up of the mainly donor funded Road Sector Investment Pro

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gramme (RoadSIP). Of the remaining estimated K27bn that is accounted for by the Building sub-sector, it is also estimated that 80% of this figure is under the informal sector. The above statistics thus clearly demonstrate that the Zambian construction market is quite small to accommodate all old and emerging construction players, namely Architects, Engineers, Surveyors and Contractors. The above situation has been made worse by the fact that our construction market like the rest of the Zambian economic market has been opened up to all construction players from the rest of the world.

Given the above situation, one would have thought that the search for new construction markets, both regionally and internationally, would have been given priority by all stakeholders; but alas that does not seem to be the case. For one reason or the other, we all seem set to want to fight in this very small construction market. In all fairness, our construction consultants i.e. Architects, Surveyors and Engineers, have in the past tried to break through in the regional market unlike our colleagues in the contracting sub sector. Obviously, the financial resources required to start up a contracting firm are much more than one requires to start up a consulting firm, thus it explains the above phenomenon.

The Zambian construction market should also be judged by its own previous standards set in the mid 1970s when the country's population was only about half of what it is today (about 10m people). There can be no denying the fact that our economy and industry in particular has shrunk in the last 25-30 years than it used to be at its peak in the mid 1970's. For instance, at its peak in 1975, the Zambian construction industry was employing about 75,000 workers in the formal sector whilst having a national total population of about 4m people. Today, however, the total population has increased to 10m and yet the construction industry sector employment figures have reduced drastically to only about 13,500! Admittedly, a number of these skilled and semi skilled will have either moved on or died; what with the HIV/Aids now rampaging the nation. It must also be acknowledged that most of this construction experienced cadre is now scattered in and around the region mostly in Zimbabwe, Botswana and South Africa. The above notwithstanding, it is important to appreciate the fact that the country still has a very well trained and experienced construction cadre that is currently under utilized. Truly, the Zambian construction industry is over

subscribed by the professionals and contractors currently in the market, given the level of overall (public and private sector) investment in the industry. If indeed the industry is currently over subscribed, shouldn't we the stakeholders be looking elsewhere, regionally or internationally?

The argument for looking elsewhere is further reinforced by the fact that whilst we are currently experiencing a relative slow down in our construction industry going by our 1974/5 record, (the 15% average growth figure and the US\$ 1.6bn RoadSIP programme notwithstanding), our neighbours: Mozambique, Angola, Botswana and South Africa have by far more rapid growing construction industries and therefore seem not to be coping with the levels of construction demand.

The argument for seriously starting to look for international construction markets is further supported by the urgent need for this country to start generating more foreign exchange for this country, if we are to arrest the current poverty levels and support our huge import bill. Already, the building materials market mainly made up of cement and asbestos products, including construction timber products has seen a sharp rise in exports from only about US\$ 3m in 1994 to over US\$ 11.5m in 2003. Surely, with a more export oriented construction industry approach appropriately supported by the Government, we could be generating much more foreign exchange than we are currently generating. On the contrary, it is quite clear that the whole industry is

"A great business is seldom if ever built up, except on lines of strictest integrity"

Andrew Carnegie

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more geared to protecting our very small market rather than embracing the globalization phenomenon and begin to target regional and subsequently international construction contracts.

We at the Council (National Council for Construction) are not as naïve as to think that the current state of the Zambian construction has what it takes to compete favourably at the regional level, let alone at the international level. We are, however, very sure that once we embrace construction exports strategies as part of national construction policy and programmes, we can begin to work on our weakness and eventually enter this lucrative international construction business. In this connection therefore, it is worth mentioning that both Zimbabwe and South Africa

have very elaborate business plans on how they intend to penetrate the regional construction markets, especially in countries like Angola and Mozambique that are now emerging after their respective civil wars. One only has to observe how well organised the construction industries supported by their government from these two countries have established themselves in Angola and to some extent in Mozambique to realize that we in Zambia are slowly but surely being left behind.

No doubt, there are a number of very good reasons why we are not able to compete with our colleagues in Angola, Mozambique, Botswana and South Africa itself, but what steps are we taking to ameliorate these problems. It is said that every economy has a num-

ber of impending factors, but that only those business minded entities that are prepared to turn these impediments into opportunities stand to gain and reap the harvest of the fruits of business: profit. For example, we have seen time and again, Chinese and South African construction firms form business alliances to win international construction contracts they would not otherwise win singularly. In this regard, it is important that Zambian construction firms also quickly begin to realize the art of supporting each other and begin to form business/corporate alliances/partnerships/joint venture that will afford them the opportunity to compete favourably with other foreign construction firms not only regionally or internationally but also locally (here in Zambia).

“No amount of personal competency compensates for personal insecurity.”

Wayne Schmidt

NCC TO CO-ORDINATE PUBLIC-PRIVATE PARTNERSHIPS IN INFRASTRUCTURE PROCESS IN ZAMBIA

The Government of the Republic of Zambia has recognized the need to facilitate provision of infrastructure through Public Private Partnerships (PPPs). PPPs have been identified as a viable means of infrastructure development that can effectively address the constraints of finance and management faced by the public sector. Further, PPPs enable the public sector to streamline the Government's functions to that of monitoring and facilitation; ensuring efficiency and accountability.

The Ministry of Works and Supply was given the mandate to co-ordinate PPPs in

infrastructure at the 3rd Zambia Independent Business Advisory Council (ZIBAC) held in Livingstone in June 2004. As such, the National Council for Construction (NCC), a statutory body under the Ministry of Works and Supply, as an advisory body to Government on infrastructure; regulator of the construction industry; and, co-ordinating agency for infrastructure in Zambia, has initiated a consultative process on the establishment of a policy and institutional framework for PPPs in infrastructure in Zambia.

To that end, the NCC held a Consensus building workshop

on PPPs in infrastructure in Zambia whose objectives were:

- a. Increase awareness of PPPs amongst Government officials and other implementing agencies.
- b. Enhance collaboration among various Ministries and sectors engaged in infrastructure programmes.
- c. Build consensus for the establishment of a policy and institutional framework for PPPs in Zambia.

The NCC is currently working closely with the Ministry of Works and Supply to ensure that the policy and legal framework are established soon.

SPECIAL FEATURE: MATTY INVESTMENTS LIMITED

“If necessity is the mother of invention, intuition is the mother of vision.”

James Kouzes & Barry Posner in ‘The Leadership Challenge’



Matty Investments is proud to be part of the KCM SME Suppliers Development Programme – KSSDP.

Through KSSDP, MATTY INVESTMENTS Limited has grown from humble beginning as a company called Matty Auto Services Limited whose core business was confined to workshop motor vehicle repairs services and Passenger Transport.

Incorporated on May 7 1990 with a capital outlay of over K100 million, MATTY INVESTMENTS, started as a family company comprising of seven effectively managed units namely:

1. Motor Vehicle Re-

2. pairs and Service Stone Crushing and Distribution
3. Motor Vehicle Panel Beating and Spray Painting
4. Construction, Electrical and Civil Engineering
5. Bulk and Passenger Transport and Drivers Training
6. Accounts and stores.

From the time the African Project Development facility – APDF incorporated us on their programme through the KCM SME Supplier Development Programme – KSSDP; we have grown

from a family business to a corporate entity, and have incorporated Mr. Kishor Patel and his son into the business as partners to strengthen our growth.

MATTY INVESTMENTS run a crushing plant that produced crushed stones of various sizes and crushed sand which were supplied to KCM and construction companies like LTA, INDO Tech as well as to individuals. The plant was supported by one front head loader and was managed by a manager of long standing experience with a staff establishment of 20 men who operated on a two shift per day basis.

Today MATTY INVEST-

MATTY INVESTMENTS LIMITED



The Giant RT 16 Tracked Crusher

MATTY INVESTMENTS are proud owners of the RT 16 tracked Crushing Unit which is designed and built with quality components – suitable for recycling, demolition and quarrying. This is augmented by a Terex 140 warrior screening plant that will separate the material in their respective sizes. These machines, can be said to be a new phenomena in Zambia, which will be supported by two new L 120E Volvo Front End Loaders.

We would like to thank the International Finance Corporation, for the financial material and moral support for this acquisition.

These Machines we are commissioning today whose cost is US\$ 1.5 million, will enable MATTY INVESTMENTS, to able to meet its

obligations to KCM, of producing and supplying a total volume of 75,000 metric tones of crushed stones per month, required for the resurfacing of the Nchanga Open Pit roads to make them all weather to reduce the wear and tear on the truck tyres in the pit and help increase productivity and to the smooth operation of KCM.

MATTY INVESTMENTS has been very active in the construction business with KCM, private organizations, Government Departments, and worked on World Bank, European Union and other donor funded projects across the country.

For the future, MATTY INVESTMENTS has a vision of building Zambia with excellence through the rendering of quality service in con-

struction and quarrying.

We would like to thank KCM through its Safety Health Environmental Quality and Security Department for driving the KSSDP programme and living up to its objectives of the creation of added value by local SMEs by enabling them to participate in KCM’s procurement and related “spin-off” opportunities.

We also would like to thank APDF as we are an epitome of their programme, for we are proud to announce that with these new plants MATTY INVESTMENT will be able to employ 15 more people to bring our labour force to 120. Thus giving the community an indirect benefit of the KSSDP.

“Everybody likes a compliment.”

Abraham Lincoln

Notice

**MINISTRY OF WORKS AND SUPPLY
TENDER COMMITTEE
LUSAKA**

REQUEST FOR PROPOSALS

REQUEST FOR PROPOSALS FOR PROVISION OF CONSULTANCY SERVICE FOR THE DESIGN REVIEW AND SUPERVISION FOR THE CONSTRUCTION OF PROPOSED WEIGHBRIDGE IN KAZUNGULA DISTRICT

The Government of the Republic of Zambia has received funds from Royal Norwegian Government for the Implementation of Axle Load Control Programme. It is intended to apply part of these to cover eligible payments under the contract for construction of new fixed electronic weighbridge. The designs for the weighbridge house, driveways detention areas and parking areas have already been done. However, the design review will be part of the consultancy services.

The Ministry of Works and Supply Tender Committee now invites sealed proposals from eligible consultants to provide consultancy services for Design Review and Supervision for the Construction of proposed weighbridge in Kazungula District comprising weighbridge offices and driveways detection areas.

Further details of the services required are provided in the Terms of Reference, which are part of the Request for Proposals (RFP) documents.

The Request for Proposals is open to all Consultants that are registered with the Roads Development Agency of Ministry of Works and Supply; and the selection of Consultant will be done using the "Quality and Cost Based Selection (QCBS)" procedures described in the Request for Proposals (RFP) documents.

Eligible bidders may obtain the Request for Proposals from the office of the Tender Committee Secretary, Room 10, Ministry of Works & Supply, Procurement and Suppliers Unit, P.O Box 50140, Lusaka, situated between Government and Fairley Roads, opposite the Buildings Department, and next to the Road Traffic Commission at Ridgeway, Lusaka, Zambia, upon payment of a non-refundable fee of K 150,000.00 in cash or bank certified cheque. The contact telephone number is 260-1251726 and the telefax number is 260-1-251099. **HOWEVER, TELEGRAPHIC AND TELEFAX OFFERS WILL NOT BE ACCEPTED.**

All proposals, in sealed envelopes, clearly marked, "CONSULTANCY SERVICES FOR THE DESIGN REVIEW AND SUPERVISION FOR THE CONSTRUCTION OF PROPOSED WEIGHBRIDGE IN KAZUNGULA DISTRICT" must be deposited in the Tender Box at the Ministry of Works and Supply, Procurement and Supplies Unit, at the above address, on or before Friday 12th August, 2005 at 14.30 hours local time.

The closing date for receipt of Proposals is Friday 12th August, 2005 at 14.30 hours local time at which time and day, the Proposals received will be opened in the conference room at the Road Development Agency Headquarters in the presence of bidders or their representatives who choose to attend. **LATE PROPOSALS WILL NOT BE ACCEPTED.**

**JASON SONGWE, HEAD-PROCUREMENT AND SUPPLIES UNIT.
FOR/PERMANENT SECRETARY, MINISTRY OF WORKS AND SUPPLY**

"Don't remove the fence before you know why it's there."

An old saying

Notice

WORKSHOP AND TRAINING FACILITIES AT NCC

This serves to inform all NCC members and stakeholders that the NCC Secretariat provides workshop, meeting and training facilities at economic fees.

Meeting/training rooms are free for NCC affiliate organisations (ACEZ, ABCEC, SIZ, NASSC, and ZIA) however, they will be required to pay for refreshments and food wherever necessary.

Details of the charges can be obtained from Mrs. Barbara Lukhanda on 01 247105/240386.

NCC AT THE 79TH AGRICULTURAL AND COMMERCIAL SHOW

You are invited to visit the NCC stand at the 2005 Agricultural and Commercial Show at the Chilanga Cement Pavilion.

“Don’t be afraid of enemies who attack you. Be afraid of friends who flatter you.”

General Obregon

Events

MAT CONSTRUCT 2005

Building Partnerships in Southern Africa

**29 November – 2 December, 2005
JOHANNESBURG, SOUTH AFRICA**

What is **MAT CONSTRUCT 2005**?

MAT CONSTRUCT 2005 is the first in a series of Investment Promotion Meetings held under the aegis of the EU-SADC Investment Promotion Programme (**ESIPP**), and focuses on Building Materials and Construction.

MAT CONSTRUCT 2005 is a forum where promoters and entrepreneurs from the Southern African region will present a carefully selected variety of new and high-quality business development projects in Building Materials and Construction sector to interested European and other international investors.

Up to 400 participants will be invited to attend this Investment Promotion Meeting to discuss project proposals and to negotiate partnership agreements.

The main focus of **MAT CONSTRUCT 2005** will be the one-to-one business meetings between European and Southern African enterprises.

Further information & application

For further information about this event or for a copy of the latest Newsletter and Press Release, visit www.matconstruct2005.com or contact us at the following addresses.

European and international companies interested in attending this event may contact us at the following address:

euprom.matconstruct2005@mondimpresa.it

Southern African companies interested in presenting a project proposal may contact us at the following address: **matconstruct2005@eciafrica.com**

*“Vision isn’t
enough— it must be
combined with
venture.”*

Vince Abner

Public Warning

All persons or organizations wishing to engage the services of contractors must ensure that they only deal with contractors registered with the NCC, who hold valid certificates of registration for the year 2005.

Contractors are classified according to their capacity and specialization, and are therefore only allowed to carry out works according to the categories and classification grades registered in. Note that the NCC Registration Scheme is intended to protect the interests of the public in that it offers a range of appropriate skills and capacity to ensure value for money.

The list of all eligible contractors is available at the NCC Secretariat, therefore, it is not longer necessary for Contractors to register with various institutions when they have been registered with the NCC.

Please note that it is a serious offence for the client to engage a construction firm that is not registered or affiliated with the NCC; and, for a construction firm to undertake construction works if it is not registered or affiliated with the NCC.

All parties wishing to engage contractors are therefore advised to ensure that:

- The contractors are registered with the NCC.
- Correct and transparent procurement procedures are followed.
- Only contractors registered to carry out the construction activities required and with the relevant capacity (classification grade) are engaged. Please refer to the schedules below for the appropriate categories and classification grades:

The following are the professional/consultants' bodies affiliated with the NCC:

Association for Consulting Engineers of Zambia
Surveyors Institute of Zambia
Zambia Institute of Architects

The NCC Act also provides for appropriate action in form of a fine or imprisonment or both, for any defaulting Contractor. Similarly, Consultants (Architects, Surveyors and Engineers) are regulated by their respective Acts. Therefore, the public is further advised to submit all complaints against contractors to the NCC in writing, at the address below, in order to facilitate the necessary action.

For details or clarifications please contact the following:

The Executive Director
National Council for Construction
P. O. Box 39548
Lusaka, Zambia.

Tel: 01 – 240386/247185
Fax: 01 – 243115
E-mail: ncc1@zamnet.zm

“If there is any one secret of success, it lies in the ability to get another person’s point of view and see things from that person’s angle as well as from your own.”

Henry Ford

Notices

ZAMBIA NATIONAL TENDER BOARD

CIRCULAR NO. 1 OF 2005

30 May 2005

TO: All Permanent Secretaries
All Chief Executives of Parastatal and Statutory Bodies
Auditor General
Chief Administrator, the Judiciary

Secretaries: All Service Commissions
Commission for Investigations
Ant-Corruption Commission

Directors: Electoral Commission
Permanent Human Rights Commission

PAYMENT OF NON-REFUNDABLE FEE: REGISTRATION OF SUPPLIERS

This serves to inform you that the rules and fees for Registration of Suppliers and Contractors have revised as follows:

- i. Registration of suppliers shall be limited to goods and services that are procured on a repetitive or continuous basis:
- ii. Registration of Contractors, quantity surveyors, architects and engineers to be undertaken by the National Council for Construction only.
- iii. Registration of the following items shall be undertaken by the Zambia National Tender Board only:-
 - a) Computers and photocopiers
 - b) Foodstuffs to national learning/training institutions and hospitals
 - c) Office furniture and air conditioners
 - d) Vehicles and spare parts; and
 - e) Service repair of vehicles
- iv. Registration period shall be 3 years and
- v. Non-refundable fees shall not exceed fifty thousand Kwacha (K50,000.00)

D. Kapitolo
Director General
Zambia National Tender Board

NOTE:

Please note that consultants are required to be registered members of the respective professional bodies—Engineering Institution of Zambia (EIZ), Surveyors Institute of Zambia (SIZ) and Zambia Institute of Architects (ZIA)

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Lusaka, Zambia

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Fax: 260-01-243115
Email: ncc1@zamnet.zm

We are now on E-mail, send
us your mail to
ncc1@zamnet.zm

*Helping to
develop Zambia*



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