



CRIDF

Managing and building contractor capacity for capital works in Southern Africa

The Climate Resilient Infrastructure Development Facility (CRIDF) provides long-term solutions to water issues affecting poor communities in Southern Africa. Successfully delivering these solutions is made challenging by the variable size, resources and capacity of contractors in the region's construction sector. The significant impacts of the COVID-19 pandemic have further reduced contractor capacity and constrained project implementation.

WORKING WITH SMALL CONTRACTORS IN SOUTHERN AFRICA

CRIDF's mission means that it often works on small contracts in remote locations in Southern Africa – conditions which are not attractive to the region's larger, more capable firms. As a result, CRIDF regularly collaborates with small firms, which can bring its own set of challenges. Financially, for example, it can be difficult for smaller contractors to provide the cashflow required at the start of a project. Moreover, the limited organisational capacity of smaller contractors

can be a major constraint on the procurement of materials, staff recruitment and project workflow. CRIDF experience has also found that on-site safety is often a low priority among smaller contractors in Southern Africa.

These issues can lead to projects being completed behind schedule or with defective work that must be redone. Either outcome can be very expensive for both CRIDF and the contractor. Most significantly, the intended beneficiaries of the project – many of them extremely poor – are unable to use the infrastructure being built as soon as originally intended.

AVOIDING DELAYS AND ADDITIONAL COSTS

To limit delays and additional costs, CRIDF has occasionally needed to supervise project sites more closely and hold more meetings, including site visits and online discussions, than originally intended. The programme team have also helped contractors with various aspects of implementation, from sourcing materials to appointing subcontractors.

CRIDF's experiences have also reinforced the crucial importance of a sufficient planning period for each project. CRIDF's construction contracts include a mobilisation period, typically lasting between two and four weeks, in which the programme team discuss a number of topics with the contractor, including procurement, site management and communication between the project's various parties. These discussions mean that much of the project is already laid out before construction work begins.

A MODIFIED COUNTRY PROCUREMENT SYSTEM

CRIDF has also made significant changes to its tendering processes in response to contractor capacity restraints. It initially followed the procurement systems of the national or private sector authorities in the countries in which it worked. However, this led to very significant delays. To speed up the process, it has sometimes been necessary to introduce forced partnerships between international, national and regional contractors. The resulting approach – termed a 'modified country procurement system' by CRIDF – allows for technology transfers from experienced international and regional contractors to less experienced national contractors, while still complying with the national laws and regulations of the countries in which CRIDF operates.

To accompany these modifications, the programme team also revised CRIDF's tender documentation by introducing stricter post-qualification criteria. This allowed them to establish appropriate partnerships between international or regional and national contractors based on requisite experience. Together with the modified country procurement system, these changes have avoided delays in several of CRIDF's construction contracts.

FACTORING CONTRACTOR CONSTRAINTS INTO FUTURE PROJECTS

Where possible, contracts should be big enough to attract larger and more capable contractors – although the ability to do this may be limited by budget size. Additionally, mechanical and electrical work should not be packaged in civils contracts except as a nominated subcontract. This gives the implementer the



freedom to release separate tenders for a subcontractor with proven capabilities in these specific lines of work. Implementers should also be prepared to budget for site supervision if they realise a contractor is struggling to fulfil certain commitments, with the expectation that the contract will go over time.

BUILDING CONTRACTOR CAPACITY ACROSS SOUTHERN AFRICA

More broadly, there are several steps that need to be taken to build contractor capacity throughout Southern Africa. For example, it is important to resist the practice of late or non-payment, particularly from government and local authority clients, which can lead to a boom-and-bust environment for contractors. Ensuring that work is paid for on time is not only a contractual responsibility, but helps contractors stay in business and thus strengthen their capacity.

The intermittent stream of construction contracts in some countries can also make it difficult for contractors to remain in business. Although this issue is rooted in national and regional macroeconomics, programmes can still make a difference by signalling a desire for greater contractor capacity to authorities. This generates demand for service delivery, which in turn cultivates renewed contractor activity.

Finally, it is important to ensure that any experts or experienced organisations brought into a country for a project work with national businesses to build capacity. This not only improves contractor capacity for the country, but makes it easier for programmes to deliver projects in that country in the future.