



## SOURCING, VETTING & MANAGING

# CONSTRUCTION CONTRACTORS IN ZAMBIA

A practical guide for institutional investors, private developers and diaspora clients

**95%**

**Locally owned firms**

by registration

**76%**

**High-value contracts**

won by foreign firms

**98%**

**Daka on-time rate**

reported performance

**Zero**

**Abandonment cases**

milestone model

### **Purpose of this guide**

This guide translates Zambia construction-market risk into a simple decision framework: understand the market, verify statutory compliance, screen contractors, control payments, and use professional intermediation to protect capital.

By Daka & Associates • Construction Advisory • 8 Min Read

## Why contractor vetting is a capital-protection decision

Zambia's construction and real estate sectors are expanding, driven by mining corridors, renewable energy development and commercial growth zones. However, delivery risk remains high when developers engage contractors without understanding structural market dynamics, statutory requirements and common failure modes.

### Core thesis

A contractor should not be selected only on price. The safest selection combines verified licensing, tested financial capacity, proven delivery history, supply-chain resilience, and milestone-based payment control.

This professionally structured guide provides an operational framework before signing a construction contract, before releasing mobilization funds, and before relying on a contractor to manage statutory compliance on behalf of the developer.

### Guide roadmap

<b>01</b>	Market Structure	<b>02</b>	Regulatory Framework
<b>03</b>	Legal Compliance	<b>04</b>	Risk Intelligence
<b>05</b>	Pre-Investment Protocol	<b>06</b>	Vetting Intelligence
<b>07</b>	Financial Risk	<b>08</b>	Daka & Associates Solution
<b>09</b>	Leadership Team	<b>10</b>	Verified Performance

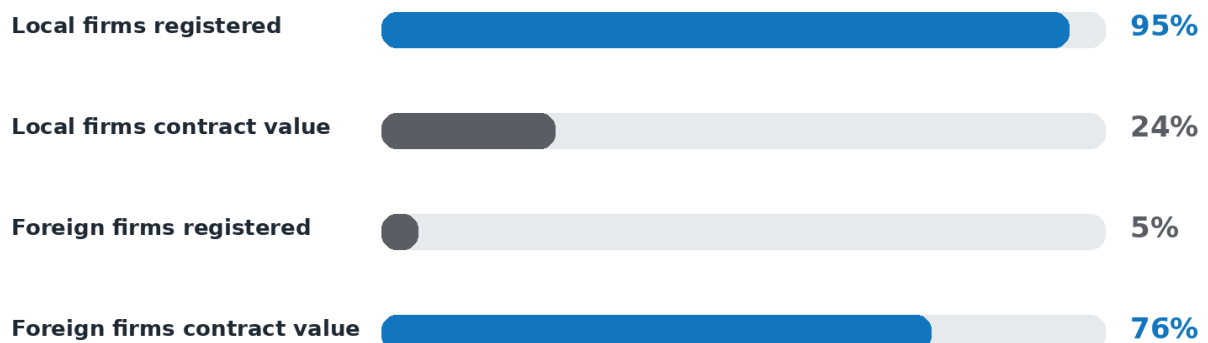
## 01 MARKET STRUCTURE

# The structural imbalance every developer must understand

The Zambian construction market is defined by a structural contradiction: local citizen-owned firms account for approximately 95% of all registered contractors, yet capture only about 24% of total contract value. Foreign-owned firms, only about 5% of the register, dominate high-value contracts.

### Market Structure Snapshot

#### Registered contractor ownership vs. captured contract value



**Core implication: ownership volume does not equal delivery capacity. Vet capability, financing, licensing, systems and verified completion history before award.**

This gap stems from three compounding constraints: limited access to project financing, operational and managerial gaps in site supervision and procurement, and site-level infrastructure deficits such as unreliable power and water access.

#### Material supply intelligence

Cement supply is vulnerable to domestic price volatility. Shutdowns at major manufacturers and export-market prioritisation can trigger shortages and sudden retail price increases. Fixed-price contracts without escalation clauses may expose both developer and contractor to default risk.

## 02 REGULATORY FRAMEWORK

# The four statutory bodies every project must satisfy

Engaging an unregistered or non-compliant contractor exposes developers to administrative penalties, construction shutdowns and the invalidation of municipal building permits. Every project should pass four statutory compliance gates: NCC, EIZ, ZIA and ZIQS.

NCC	EIZ / EngRB	ZIA	ZIQS
Contractor grading, category and tender-value cap verification.	Engineering practice certificates and licensed professionals.	Registered architect approval stamps for municipal submissions.	Regulated quantity surveying services and statutory fee scales.

National Council for Construction (NCC) grades contractors from Grade 1 to Grade 6. Each grade carries a legally defined maximum contract value cap, and foreign firms are restricted to Grades 1, 2 or Class A Specialist works only.

NCC Category	Grade 2 Cap	Grade 3 Cap	Grade 4 Cap	Grade 5 Cap	Grade 6
B - General Building & Housing	ZMW 27.5M	ZMW 12.5M	ZMW 6.5M	ZMW 4.5M	Micro only
C - General Civil Engineering	ZMW 30.0M	ZMW 15.0M	ZMW 10.0M	ZMW 5.0M	Micro only
R - Roads & Earthworks	ZMW 75.0M	ZMW 30.0M	ZMW 15.0M	ZMW 10.0M	Micro only
M - Mining Services	ZMW 75.0M	ZMW 17.5M	ZMW 10.0M	ZMW 6.5M	Micro only
E - Electrical & Telecom	ZMW 75.0M	ZMW 20.0M	ZMW 10.0M	ZMW 6.5M	Micro only
S - Specialist Works	ZMW 3.375M cap - Specialist category only				

### Licensing principle

Never accept documents presented by the contractor alone. Cross-reference NCC grading, EIZ/EngRB professional licenses and ZIA credentials directly with the official statutory registers.

## 03 LEGAL COMPLIANCE

# Worker classification, tax compliance and PE risk

Construction engagements must comply with labour laws and tax regulations. Misclassifying workers as independent contractors can expose a developer to retroactive employment benefit liabilities and regulatory scrutiny.

Classification Factor	Independent Contractor Indicator
Level of Control	Contractor controls schedule, methods and site-level processes.
Organisational Integration	Services are ancillary, project-specific and time-bound.
Financial Independence	Contractor serves multiple clients and bears business risk.
Equipment Provision	Contractor provides machinery, plant, tools and equipment.
Right of Substitution	Contractor can delegate, subcontract or substitute labour independently.

### Critical alert for foreign developers

Directly managing individual contractors or maintaining a construction site at your disposal in Zambia may trigger Permanent Establishment risk. A PACRA-registered local vehicle or licensed local intermediary reduces exposure while providing on-ground oversight.

## Failure modes and red flags before contract signing

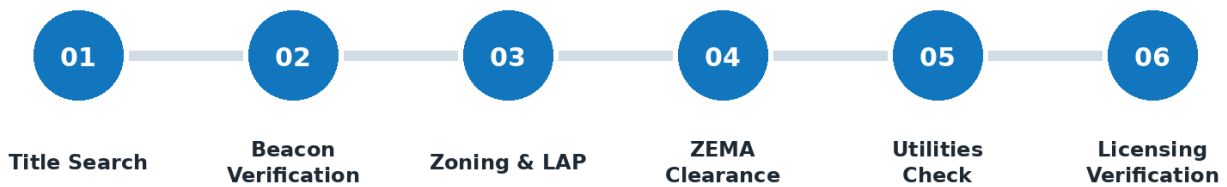
The most damaging project failure modes are utility and site infrastructure deficits, late approvals and design changes, and contractor cash-flow gaps. The following red flags should trigger enhanced due diligence or disqualification.

<p style="text-align: center;">!</p>	<p><b>Bids 20-30% below the QS estimate</b></p> <p>May indicate misunderstanding of scope or a strategy to recover margin through disputed variations.</p>
<p style="text-align: center;">!</p>	<p><b>Licensing “currently being processed”</b></p> <p>Active, verifiable statutory registration is a baseline requirement, not a pending promise.</p>
<p style="text-align: center;">!</p>	<p><b>Refusal to provide audited accounts or certified bank statements</b></p> <p>Financial opacity is a reliable indicator of weak working capital and abandonment risk.</p>
<p style="text-align: center;">!</p>	<p><b>Mobilization deposit above 20% without a bank-backed guarantee</b></p> <p>Oversized unsecured advances can indicate financial distress or diversion risk.</p>

## 05 PRE-INVESTMENT PROTOCOL

# The six-step due diligence checklist

### Six-Step Pre-Investment Due Diligence Protocol



**Sequence matters: each verification is a dependency for the next. Skipping one step compounds downstream liability and can create costs that are difficult to recover during construction.**

✓	<p><b>Step 01 - Title Search</b></p> <p>Verify title status, lease duration, registered owner and caveats or encumbrances through ZILAS.</p>
✓	<p><b>Step 02 - On-Site Beacon Verification</b></p> <p>Engage a licensed surveyor to locate beacons against the official cadastral diagram.</p>
✓	<p><b>Step 03 - Municipal Zoning &amp; LAP Confirmation</b></p> <p>Confirm the planned development is compatible with municipal zoning and Local Area Plans.</p>
✓	<p><b>Step 04 - Environmental Clearance (ZEMA)</b></p>



Determine whether an ESPB or full ESIS is required and ensure a ZEMA-registered expert signs off.

✓

**Step 05 - Utility Infrastructure Verification**

Confirm ZESCO capacity, power connection timelines, water availability and related costs.

✓

**Step 06 - Contractor Licensing Verification**

Cross-reference NCC grading and independently verify EIZ and ZIA registrations.

## 06 VETTING INTELLIGENCE

# Four questions that separate capable contractors from briefcase operators

These questions expose technical capability gaps and financial vulnerabilities before they become construction-phase liabilities. Every answer must be supported by independent verification.

### 1. What is your active NCC registration grade and category?

The answer must be verifiable live on the NCC portal and match the project scope and contract value.

### 2. Who are the two EngRB-registered engineers permanently employed by your firm?

Names must be verifiable on the EIZ/EngRB active license register. "We will hire someone" is not sufficient.

### 3. How do you manage cement shortages or rapid steel-price increases?

Acceptable answers include named manufacturer supply agreements or documented price-escalation protocols.

### 4. Can you provide three completion certificates and final payment receipts?

Both completion and final payment evidence should be confirmed directly with named clients.

## Currency risk, capital repatriation and tax compliance

International and diaspora developers should structure contracts deliberately to protect returns against currency fluctuations, foreign exchange conversion spreads, tax clearance requirements and capital repatriation controls.



### Currency protection

Consider contractor agreements and long-term leases denominated in USD when the project income profile supports it.



### Banking route

Process large international transfers through reputable commercial banks while budgeting for foreign exchange conversion spreads.



### Documentation discipline

Maintain tax clearance certificates, certified purchase agreements and transaction records for repatriation compliance.



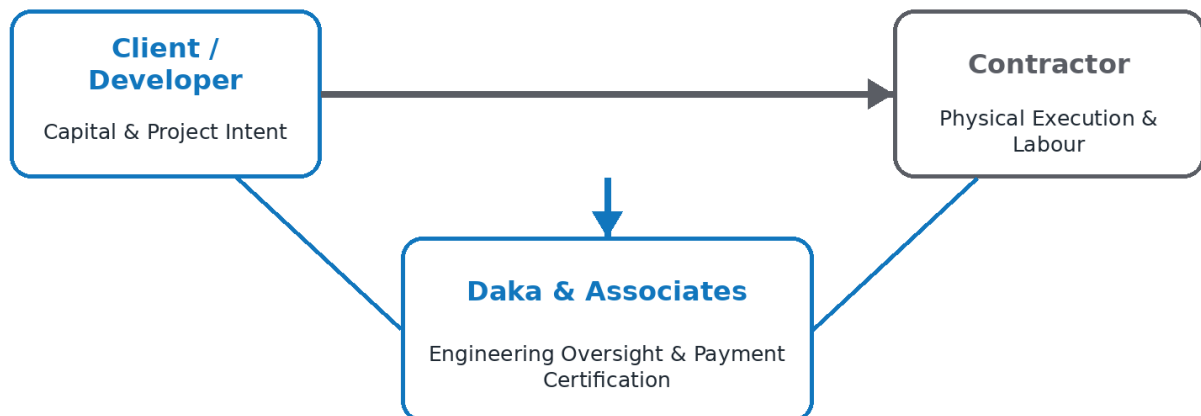
### Local intermediary structure

A PACRA-registered intermediary or licensed construction brokerage provides oversight and can reduce PE exposure.

## Professional intermediation through the tri-party agreement model

The traditional bilateral client-contractor relationship concentrates project risk on the developer. Daka & Associates introduces an independent, engineering-led oversight layer to certify progress, control payments and reduce abandonment risk.

### Tri-Party Agreement Model



**Funds move through certified milestone completion - not calendar dates or verbal progress claims.**

Project funds are disbursed through a structured milestone-based payment system. Site inspections are performed at each construction phase, and works are certified against quality and structural standards before payment is authorised.

◆	<p><b>Vetted Contractor Placement</b></p> <p>Pre-vetted network of masons, steel fixers, electricians, plumbers and carpenters, backed by strategic partnerships.</p>
◆	<p><b>Loan Facilitation</b></p> <p>Navigation of development finance with local financial institutions and support through application processes.</p>
◆	<p><b>Regulatory Coordination</b></p> <p>Management of building permits, municipal council coordination and ZEMA environmental clearances from end to end.</p>



## 09 LEADERSHIP TEAM

# The technical team behind every project

<p><b>Harrison Daka</b></p> <p>Founder &amp; Director of Strategic Relations · Civil &amp; Environmental Engineer</p> <p>Leads strategic relations, quality assurance frameworks and client advisory across active projects.</p>	<p><b>Taurai G. Chundu</b></p> <p>Technical Advisor · Civil &amp; Environmental Engineer</p> <p>Oversees technical compliance, structural safety protocols and independent engineering audits.</p>
<p><b>Francis Xavier Mwape</b></p> <p>Senior Construction &amp; Capacity Building Consultant</p> <p>Directs contractor capacity building and quality control to align site teams with international standards.</p>	<p><b>Jupi Saminganja</b></p> <p>Accountant · Business Development &amp; Loan Facilitation Advisor</p> <p>Manages financial compliance, procurement audits and client support through banking and project finance processes.</p>
<p><b>Inclusive operations</b></p> <p>Daka &amp; Associates is committed to the UN Women Empowerment Principles (WEPs), aligning local operations and procurement practices with global standards for diversity and inclusion.</p>	



## 10 VERIFIED PERFORMANCE

# Six years of structured, measurable project delivery

Across a portfolio that includes double-storey modular steel container offices in Chilanga, large-span steel sheds and residential developments, Daka & Associates reports measurable performance outcomes against Zambia industry baselines.

### Verified Performance Snapshot

**98%**

**On-Time Completion**

vs. 60-70% industry norm

**15-20%**

**Cost Savings**

via BOQ auditing

**Zero**

**Project Abandonment**

milestone model prevents walkoffs

**4.7/5**

**Client Satisfaction**

from independent client surveys

**Structured management converts construction risk into auditable delivery controls.**

## GET STARTED

Protect your capital through verified contractors, controlled payments and independent engineering-led oversight.