public works & infrastructure
Department:
Public Works and Infrastructure
REPUBLIC OF SOUTH AFRICA

FREE STATE CONTRACTOR DEVELOPMENT ROADSHOW



ADDRESSING THE CHALLENGE OF STALLED AND DELAYED INFRASTRUCTURE PROJECTS

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Business General

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PURPOSE

The purpose of this presentation is to give an overview of the performance of contractors in the delivery of public infrastructure projects and provide a synopsis of delayed / stalled projects.

The content will also cover lessons that we have learned and how we can improve execution of projects.

OVERVIEW OF PROJECT PERFOMANCE

- In 2025 CoST Infrastructure Transparency Initiative conducted an analysis of 480 projects across multiple countries, which revealed that approximately 70% of infrastructure projects are delayed. This provides a context for assessing contractor performance.
- The 2024/25 audit findings by the Auditor-General South Africa revealed significant challenges in public infrastructure project delivery. Of the 152 projects audited, 72% experienced delays, averaging 41 months, while 89% had audit findings. Key concerns included poor construction quality, cost overruns, inadequate project planning, weak contract management and insufficient monitoring of contractor performance.

OVERVIEW OF PROJECT PERFOMANCE

- The average delay on projects is 41 months, increased from 35 months in 2023/2024.
- Contributing factors included poor contractor performance, delayed payments, administrative inefficiencies and weak consequences for underperformance.
- Public infrastructure projects are targeted at improving quality of life, thus any delays prevent communities from accessing essential services, increase project costs and reduce the value obtained from public investment.
- The successful delivery of infrastructure projects is based on maximising value for money and realisation of the intended project outcomes. Critical factors that are considered in this regard are : **scope, time, budget and quality**.

DELAYED AND STALLED PROJECTS

- Delayed projects progress more slowly than planned, while stalled projects experience prolonged interruptions or stop altogether, caused by various issues:
- **Poor contractor performance**: Contractors may lack adequate financial resources, skilled labour, equipment or project-management capacity.
- **Funding and payment delays**: Insufficient budgets and late payments by clients can disrupt cash flow, delay procurement of materials.
- **Inadequate planning**: Incomplete designs, poor feasibility studies, unresolved land issues
- **Weak contract management**: Inadequate monitoring, slow decision-making and failure to enforce contractual obligations can allow delays to persist.
- **Contractual disputes**: Disagreements over payments, variations, project scope and responsibilities
- **External disruptions**: Community protests, vandalism, theft, adverse weather and construction-site interference can further delay implementation.

DELAYED AND STALLED PROJECTS- FREE STATE

DESCRIPTION	NUMBER OF PROJECTS	TOTAL VALUE (CONTRACTOR & CONSULTANTS
DELAYED PROJECTS	10	984 603 573
STALLED PROJECTS	2	186 222 811
	12	**1 170 826 384**

APPROACH TO ADRESSING DELAYED PROJECTS

- **Improved planning**: Ensure that feasibility studies, designs, budgets, permits and site access arrangements are completed before construction begins.
- **Stronger contractor selection**: Assess contractors' technical expertise, financial capacity, resources and track records before awarding contracts.
- **Timely payments**: Process certified invoices promptly to maintain contractors' cash flow and minimise work interruptions.
- **Effective monitoring**: Track project milestones, expenditure, quality and emerging risks through regular site inspections and progress reports.
- **Contractual accountability**: Apply appropriate corrective measures and contractual remedies when contractors or public-sector clients fail to meet their obligations.
- **Project recovery plans**: Investigate stalled projects, resolve outstanding issues and establish realistic budgets and completion dates. Where necessary, appoint suitably qualified replacement contractors through proper procurement procedures.

KEY LESSONS FOR CONTRACTORS

1) **Understand the project before tendering.** Conduct site inspections, review technical specifications and assess project risks before submitting a bid. Avoid underpricing work simply to secure a contract.

2) **Ensure financial capacity.** Prepare realistic cash-flow forecasts and allow for payment delays, material price increases and unexpected expenses. Do not commence work without sufficient working capital.

3) **Plan realistically.** Develop achievable construction programmes, allocate adequate resources and identify critical activities that could affect completion dates.

4) **Manage contracts effectively.** Understand contractual obligations, payment terms, variation procedures, penalties and dispute-resolution mechanisms. Keep accurate records of instructions, claims and delays.

5) **Monitor progress continuously.** Compare actual performance against planned milestones and intervene immediately when delays or cost overruns emerge.

6) **Maintain quality standards.** Use competent supervisors, approved materials and regular quality inspections to minimise defects, rework and additional costs.

CONTRACTOR DEVELOPMENT PROGRAMMES

Support emerging contractors through structured training, mentorship, technical assistance and opportunities to undertake public works projects.

- **Construction Industry Development Board (CIDB):** Contractor registration and grading provide a framework for matching contractors to projects of an appropriate size and complexity. Development support can help contractors improve their capacity and progress to higher grades.
- **Expanded Public Works Programme (EPWP)**: Creates work opportunities and practical experience, particularly through labour-intensive infrastructure projects.
- **Subcontracting and joint ventures**: Enable emerging contractors to gain experience by working with established construction companies on larger public infrastructure projects
- **Skills and technical development**: Training in project management, construction methods, occupational health and safety, quality assurance and contract administration
- **Financial and equipment support**: Opportunities to explore working capital, equipment finance, guarantees and other funding mechanisms suited to construction businesses.
- **Preferential procurement and local participation**: Opportunities for qualifying businesses to participate in public projects, subject to applicable procurement rules and tender requirements.

Thank You



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