

## **Practice Guide (For Contractors):**

### **Implementation of the Standard for Indirect Targeting for Enterprise Development through Construction Works Contracts, published in Gazette Notice No.36190 of 25 February 2013**

#### **1. Introduction**

This Practice guide seeks to provide guidance to contractors on the application of the cidb Standard for Indirect Targeting for Enterprise Development through Construction Works Contracts (herein after referred to as the standard), applicable to contracts in cidb Grades 7 to 9 in the General Building (GB) and Civil Engineering (CE).

The standard establishes Contract Participation Goals (CPGs) for development of targeted enterprises, to promote enterprise development by providing for a minimum of 5% of the total project value on selected contracts to be undertaken by joint-venture partners or to be sub-contracted to developing contractors. The standard requires employers to ensure that the lead partner or the main contractor dedicate a minimum of 5% of the total project value and provide developmental support to a targeted sub-contractor/s and JV partners.

The standard is obtainable from the cidb's website [www.cidb.org.za](http://www.cidb.org.za).

#### **2. Condition of Contract**

##### **T1.2 Tender Data**

The contractor shall, in the performance of the contract, achieve the Contract Participation Goal (CPG), as established in the Standard.

The said condition shall form part of the condition of contract.

##### **Part T2: Returnable documents**

###### **T2.1 List of Returnable Documents**

In the case of the Standard there are no returnable documents, notwithstanding this the Employer shall, after the award of the contract, provide the proforma documents to be completed by the contractors . (Refer to Annexure 1– Proforma documents) The proforma documents are provided in the tender data for information purposes only.

###### **T2.2 Returnable Schedules**

Contains documents that the tenderer is required to complete for the purpose of evaluating tenders and other schedules which upon acceptance become part of the contract. In the case of the Standard, there are no returnable schedules)

##### **Part C1: Agreement and Contract Data**

###### **C1.1 Contract data**

It will be a condition of contract that:

The contractor shall, in the performance of the contract, achieve the Contract Participation Goals (CPG) for the development of targeted enterprises..

## Part C2: Pricing data

### C2.1 Pricing assumptions

The Employer shall determine the amount to be paid for the Contract Participation Goal (CPG) on the contract and this amount shall be stated under the section Enterprise Development as a **Provisional Sum**, in the Preliminaries and Generals (P&Gs).

The rates given in **table 1** below are the recommended rates to guide the Employer to determine the amount for Enterprise Development per targeted enterprise. The Employer may adjust these rates which may be affected by factors such as location of the project. The Employer must include this amount as a **Provisional Sum** in the Preliminary and General (P&G) section as illustrated in **Table 1**.

**Note (This item should not be a determinant in the competitiveness of the bid.**

### Preliminary and General (Extract Indicating Provisional Sum from P&Gs)

**Table 1. Breakdown of the items per Targeted Enterprise to be included in the tender data**

Item	Description	Unit	Rate	Quantity	Amount (R)
15	Health and Safety				
<b>16</b>	<b>Enterprise Development</b>				
16.1	Enterprise Development of Targeted Enterprise or JV partners				
16.1.1	Needs Analysis and Enterprise Development Plan per Targeted Enterprise	No.	5000	1	5000
16.1.2	Monitoring and Interim reporting per targeted enterprise	Per Quarter	20000	4	80000
16.1.3	Project Completion report per Targeted Enterprise	No.	5000	1	5000
	<b>Provisional Sum</b>				<b>90 000</b>

#### In Table 1:

Item 16.1.1 refers to the Needs Analysis the contractor shall conduct on the targeted enterprise and / or JV partner to identify the developmental goals at R5000.00 (five thousand rands) per targeted enterprise.

Item 16.1.2 refers to the Monitoring and Interim reporting to be conducted by the contractor as per the Standard at R20 000.00 (twenty thousand rands) per quarter.

Item 16.1.3 refers to the Completion report, the contractor shall submit the Completion report to the Employer's representative as per the Standard at a rate of R5000.00 (five thousand rands) per targeted enterprise.

**Table1.2 Final Tender Summary – Example CE Class of Works**

Item	Description	Unit	Rate	Quantity	Amount
	P&Gs				R10 000 000
	Concrete				R10 000 000
	Mechanical				R10 000 000
	Electrical				R10 000 000
	Landscaping				R5 000 000
	Civils				R15 000 000
	Sub-total				R60 000 000
	VAT (15%)				R9 000 000
	Total Tender amount				R69 000 000

## **C2.2 Activity Schedules / Bills of Quantity/ Pricing Schedules**

The contractor shall be paid as follows:

1. Needs analysis and enterprise development plan per Targeted Enterprise;
2. Monitoring and interim reporting per Targeted Enterprise; and
3. Project completion report per Targeted Enterprise.

## **C3: Scope of work**

### **DESCRIPTION OF THE WORKS**

The successful contractor shall:

1. Subcontract a minimum of 5% of the total project value to targeted enterprises
2. develop the targeted enterprise/s in two development areas as specified in the Standard, and agreed by both the main contractor and the targeted enterprise/s
3. perform needs analysis on the targeted enterprise to identify developmental goals;
4. provide internal mentorship support to improve the targeted enterprise/s performance;
5. develop a project specific enterprise development plan to improve the targeted enterprise/s performance in the identified developmental areas;
6. monitor and report the progress of the agreed development areas with the targeted enterprise/s and
7. submit a project completion report to the Employer's representative for each targeted enterprise.

To assist the contractor to comply with contractor development, the contractor is guided by **Table 2.** below which outlines the minimum recognised qualifications to which development of Targeted Enterprises must be undertaken by the main contractor.

**Table 2. Recognised Qualifications**

CIDB Grade	Minimum NQF Level	Recognised Qualifications
<b>Business Management</b>		
5 & 6	5	<ul style="list-style-type: none"> <li>National Occupational Qualification in Business Management NQF 5</li> </ul>
2 to 4	2	<ul style="list-style-type: none"> <li>National Certificate: Construction Contracting NQF 2</li> </ul>
<b>Building and Construction Works Management</b>		
5 & 6	5	<ul style="list-style-type: none"> <li>National Certificate: Management of Building Construction Processes NQF 5</li> </ul>
2 to 4	3	<ul style="list-style-type: none"> <li>NCV 4: Civil Engineering and Building Construction, or</li> <li>National Certificate: Supervision of Construction Processes</li> </ul>
<b>Civil Engineering Construction Works</b>		
5 & 6	5	<ul style="list-style-type: none"> <li>National Certificate: Management of Civil Engineering Processes NQF 5, or</li> <li>National Diploma: Civil Engineering and Building Diploma</li> </ul>
2 to 4	3	<ul style="list-style-type: none"> <li>NCV 4: Civil Engineering and Building Construction or</li> <li>National Certificate: Supervision of Construction Processes, or</li> <li>Further Education and Training Certificate: Supervision of Construction Processes</li> </ul>

*Source; cidb Competence Standard for Contractors; Gazette Notice No. 41237*

An example of the implementation of the Standard, a Civil Engineering contractor in grade 3 is the targeted enterprise that receives development in the two areas identified below:

1. Contractual knowledge transfer
2. planning, tendering and programming skills transfer

The main contractor must develop a training plan to address the developmental needs of the Targeted Enterprise. As a guide the development plan should refer to applicable unit standards that reside in NQF level 3 National Certificate: Supervision of Construction Process qualification or equivalent. Contractual knowledge development and planning, tendering and programming skills transfer must be pitched at the level of NQF 3 and aligned to the outcomes of the applicable unit standard.

**Note: the development will not necessarily translate into an accredited outcome.**

## **Part C4: Site information**

### **PROCUREMENT**

The contractor shall sub-contract the minimum Contract Participation Goal (CPG) of the works to the Targeted Enterprise as stated by the Employer in the tender data.

The contractor shall appoint an Enterprise Development Co-ordinator who shall:

- a) develop a project specific Enterprise Development plan to improve the targeted enterprise's performance in the identified developmental areas and shall allocate resources to monitor progress in relation to improved performance; and
- b) submit to the employer's representative a monthly enterprise development report (Performa – ED105P) which documents all mentoring activities that have taken place during that month and the progress made in improving the targeted enterprise's performance in the agreed developmental areas, countersigned by the targeted enterprise.

### **Competence Criteria for an Enterprise Development Co-ordinator**

The Enterprise Development Co-ordinator shall have the following competencies:

- 2.1 Minimum experience of 5 years in the construction industry at Managerial level as a Site Agent, Contracts Manager, Site Manager, Construction Manager, Business Development Manager or Enterprise Development Manager
- 2.2 Minimum experience of 2 years in training and development in Building and Construction
- 2.3 National Diploma or B Degree in the Built Environment or Business Management

## **Part C4: Site information**

### **MANAGEMENT**

The contractor shall provide a competent person/s to provide internal mentorship to the Targeted Enterprise/s in the two agreed developmental areas.

The successful contractor shall submit to the Employer's Representative:

1. Project interim reports in the specified format (ED105P) detailing interim value of the CPG that was achieved. Such a report shall also contain a monthly progress report, compiled by the employer's representative and the contractor, detailing an assessment of the enterprise development support provided;
2. Project completion report in the specified format (ED101P) to the Employer's Representative, for acceptance within 15 days of achieving practical completion. The report shall include the value of the CPG that was certified in accordance with the contract, cidb registration numbers of each and every targeted enterprise, and the value of the subcontracted works or the participation parameter of the joint venture entered into; and
3. Enterprise development declaration (ED104P).

### **The Key Personal:**

The contractor shall appoint an Enterprise Development Co-ordinator and a competent person/s to provide internal mentorship.

### **Management Meetings:**

The contractor shall report to the Employer's Representative on the implementation and progress of the targeted enterprise development and CPG.

### **The Forms for contract administration:**

The contractor shall submit to the Employer's Representative the following proformas:

Form ED 105P Project Interim Report ,  
Form ED 104P Enterprise Development Declaration,

**Form ED 101P Project Completion Report.**

**Records:**

The contractor shall:  
keep records of the targeted enterprise development,  
keep records of the payments made to the targeted enterprises in relation to the CPG.  
ensure all the documentation required in terms of the Standard is provided in a timely manner and according to a prescribed format where applicable.

**Payment Certificates:**

The contractor shall:  
achieve the measurable CPG and providing enterprise development support to the targeted enterprise/s as per the Standard,  
submit payment certificates to the Employer Representative at intervals determined in the Contract.

**PRO-FORMA DOCUMENTS**

- Annexure 1 - Form ED 105P Project Interim Report
- Annexure 2 - Form ED 104P Enterprise Development Declaration
- Annexure 3 - Form ED 101P Project Completion Report

**PRO-FORMA DOCUMENTS  
Project Interim Report (ED105P)**

cidb PROJECT ASSESSMENT SCHEME; STANDARD FOR INDIRECT TARGETING PROJECT INTERIM REPORT To be completed for each qualifying enterprise	
<b>Section A: Employer Information</b>	
cidb Employer Number	<input type="text"/>
Employer Name	<input type="text"/>
	<input type="text"/>
<b>Section B: Contractor / JV Information</b>	
cidb Contractor Registration Number of main / lead contractor	<input type="text"/>
Name of contractor	<input type="text"/>
cidb Contractor Registration Number of Joint Venture Partner 2	<input type="text"/>
Name of contractor /Joint Venture	<input type="text"/>
cidb Contractor Registration Number of Joint Venture Partner 3	<input type="text"/>
Name of contractor /Joint Venture	<input type="text"/>
cidb Contractor Registration Number of Joint Venture Partner 4	<input type="text"/>
Name of contractor / Joint Venture	<input type="text"/>



### 3. Payment

#### Part C2: Pricing data

##### C2.1 Pricing assumptions

The Employer shall determine the amount to be paid for the Contract Participation Goal (CPG) on the contract and this amount shall be stated under the section Enterprise Development in the Preliminaries and Generals (P&Gs).

##### C2.2 Activity Schedules / Bills of Quantity/ Pricing Schedules

The contractor shall be paid as follows:

4. Needs analysis and enterprise development plan per targeted enterprise;
5. Monitoring and interim reporting per targeted enterprise; and
6. Project completion report per targeted enterprise.

The table below illustrates the breakdown of the items to be included in the tender data

Item	Description	Unit	Qty	Rate	Price
	Needs analysis and enterprise development plan per targeted enterprise	No.	1	5000	R5 000
	Monitoring and interim reporting per targeted enterprise	Per quarter	4	20 000	R80 000
	Project completion report per targeted enterprise	No.	1	5000	R5 000
	<b>Total</b>				<b>R90 000</b>