

Practice Guide (For Clients):

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 provides guidance to clients on the application of the cidb Standard for Indirect Targeting for Enterprise Development through Construction works Contracts (herein after referred to as the Standard) and is 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 to 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

2. Condition of Contract

Part T1: Tendering procedures

T1.1 Tender Notice and Invitation to Tender

Alerts prospective contractors to the nature of construction works required by the employer and should contain sufficient information to enable them to respond appropriately.

It is estimated that tenderers must have a cidb contractor grading designation of or or higher....

T1.2 Tender Data

Part T2: Returnable documents

T2.1 List of Returnable Documents

Ensures that everything the employer requires a tenderer to submit with his/her tender is included in, or returned with, his/her tender submission. 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 1-3 Proforma documents, In the case of the Standard there are no returnable schedules).

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 subsequent contract. (In the case of the Standard there are no returnable schedules)

Part C1: Agreement and Contract Data

C1.1 Form of offer and Acceptance

Formalises the legal process of offer and acceptance

Note: Tenderer signs offer and employer signs acceptance to form the contract

C1.2 Contract data

States the applicable conditions of contract and associated contract specific data that collectively describe the risks, liabilities and obligations of the contracting parties and the procedures for the administration of the contract

It will be a condition of contract that:

The contractor shall, in the performance of the contract, achieve the Contract Participation Goals (CPG) relating to the engagement of targeted enterprises as established in the Standard.

Part C2: Pricing data

C2.1 Pricing assumptions

Provides the criteria and assumptions (in the contract) that the tenderer has considered, when developing his/her prices

The employer shall include the following statement in the 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.** 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				
16	Enterprise Development				
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
	Provisional Sum				90 000

In Table 1:

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

Item 16.1.2 refers to the Monitoring and Interim reporting to be performed by the contractor as per the Standard at a rate of 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 Pricing schedules / Activity Schedule or Bills of Quantities

Records the contractor's prices for providing engineering and construction works which are described in a specification within the Scope of Work section of the contract.

The contractor shall be paid as follows:

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

Part C3: Scope of Work

C3: Scope of work

Specifies and describes the construction works to be provided and any other requirements and constraints relating to the manner in which the contract work is to be performed

DESCRIPTION OF THE WORKS

Employer's objectives

The employer shall, in no uncertain terms, include the following statement in the tender documents:

- a. The objective of the project is to provide for a minimum contract participation goal (CPG) of 5% of the total project value and to develop targeted enterprises by the main or lead partner contractors.
- b. 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.

- c. The development of the Targeted Enterprise shall be guided by the **CIDB Competence Standard for Contractors Gazette No. 41237, 10 November 2017**. **Table 2.** below 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
Business Management		
5 & 6	5	National Occupational Qualification in Business Management NQF 5
2 to 4	2	National Certificate: Construction Contracting NQF 2
Building and Construction Works Management		
5 & 6	5	National Certificate: Management of Building Construction Processes NQF 5
2 to 4	3	- NCV 4: Civil Engineering and Building Construction, or - National Certificate: Supervision of Construction Processes
Civil Engineering Construction Works		
5 & 6	5	- National Certificate: Management of Civil Engineering Processes NQF 5, or - National Diploma: Civil Engineering and Building Diploma
2 to 4	3	- NCV 4: Civil Engineering and Building Construction or - National Certificate: Supervision of Construction Processes, or - Further Education and Training Certificate: Supervision of Construction Processes

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, 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 Employer shall stipulate in the tender data that the contractor shall provide a minimum Contract Participation Goal (CPG) of 5% of the total project value and develop targeted enterprises in the two agreed developmental areas.

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) shall, 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 or Construction; and
- 2.3 National Diploma or B Degree in the Built Environment or Business Management

Part C4: Site information

MANAGEMENT

State the requirements for development:

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

The Format of Communications

The 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

Annexure 1 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	
Section A: Employer Information	
cidb Employer Number	
Employer Name	
Section B: Contractor / JV Information	
cidb Contractor Registration Number of main / lead contractor	
Name of contractor	
cidb Contractor Registration Number of Joint Venture Partner 2	
Name of contractor /Joint Venture	
cidb Contractor Registration Number of Joint Venture Partner 3	
Name of contractor /Joint Venture	
cidb Contractor Registration Number of Joint Venture Partner 4	
Name of contractor /Joint Venture	

cidb PROJECT ASSESSMENT SCHEME; STANDARD FOR INDIRECT TARGETING PROJECT COMPLETION REPORT To be completed for each qualifying enterprise											
Section A: Employer Information											
cidb Employer Number											
Employer Name											
Section B: Contractor / JV Information											
cidb Contractor Registration Number of main / lead contractor											
Name of contractor											
cidb Contractor Registration Number of Joint Venture Partner 2											
Name of contractor /Joint Venture											
cidb Contractor Registration Number of Joint Venture Partner 3											
Name of contractor /Joint Venture											
cidb Contractor Registration Number of Joint Venture Partner 4											
Name of contractor /Joint Venture											
Contact Person		Title		Initials		Surname					

cidb PROJECT ASSESSMENT SCHEME; STANDARD FOR INDIRECT TARGETING TARGETED ENTERPRISE DECLARATION To be completed for each targeted enterprise															
Section A: Employer Information															
cidb Employer Number	1	2	3	4	5	6	7	8	9						
Employer Name															
Section B: Contract Data															
cidb Contract Number	1	2	3	4	5	6	7	8	9						
Contract Title															
Date of Practical Completion	Y	Y	Y	Y				M	M			D	D		
Contract Amount at Award(Inclusive of VAT)															
R	1	2	3				1	2	3			1	2	3	.00
Section C: Main Contractor / JV Information															
cidb Contractor Registration Number of main / lead contractor	1	2	3	4	5	6	7	8	9						