



**LIMPOPO**  
PROVINCIAL GOVERNMENT  
REPUBLIC OF SOUTH AFRICA

**DEPARTMENT OF  
PUBLIC WORKS, ROADS & INFRASTRUCTURE**

<b>Name of the Policy</b>	<b>Contractor Development Policy</b>
<b>The Version / revision number</b>	<b>02</b>
<b>Domain</b>	<b>Roads, Provincial Departments, Education, and Health Infrastructure Management.</b>

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## Abbreviations & Acronyms

CBO	Community Based Organization
CETA	Construction Education Training Authority
CIDB COGHSTA	Construction Industry Development Board Co-operative Governance, Human Settlement and Traditional Affairs
DoH	Department of Health
DOE	Department of Education
DSD	Department of Social Development
DOL EA	Department of Labour Executive Authority
EPWP HDI IDT ILO LCDP	Expanded Public Works Programme Historically Disadvantaged Individuals Independent Development Trust International Labour Organization Limpopo Contractor Development Programme
LDPWRI MANCO MEC NCDP NDPW	Limpopo Department of Public Works, Roads and Infrastructure LCDP Management Committee Member of Executive Council National Contractor Development Programme National Department of Public Works
NQF	National Qualifications Framework
SACPCMP  SC SCM SETA	South African Council for the Project and Construction Management Professions Small Contractors Supply Chain Management Sector Education and Training Authorities
<b>Annexures:</b>	
Annexure A : Code of Conduct	

## **1. INTRODUCTION**

The Limpopo Department of Public Works Roads & Infrastructure (LDPWRI) is committed to promote the development of emerging contractors in the province. By improving the capacity of Contractors based in the province, LDPWRI will indirectly create sustainable jobs whilst carrying out its mandate of providing immovable assets.

Currently HDI Contractors in lower CIDB grades have challenges in procuring work due to several industry and market barriers amongst others. Contractors in CIDB Grades 5 or higher on the other hand are struggling to improve their business systems and processes resulting in reduced quality of work and other issues that threaten their viability.

From the foregoing, the department therefore introduces this policy specifically:

- a. To improve the grading status of contractors;
- b. To enhance the performance, quality and delivery of Infrastructure; and
- c. Ensure equitable and targeted ownership of contracting entities by Historically Disadvantaged Individuals (HDI).

The main objective of this policy is to increase the capacity, equity ownership, sustainability, quality and performance of HDI CIDB registered contractors – effectively raising the contribution of the construction industry to South Africa’s accelerated and shared growth initiative. This shall be achieved by providing business opportunities and further training to historically disadvantaged (new and existing) contractors registered with CIDB in Grades 2 to 5 in the building industries thus ensuring that they become successful, independent contractors over time.

## **2. PURPOSE AND OBJECTIVES OF THE POLICY**

The purpose of this policy is to provide guidelines with regards to:

- 2.1 The process to be followed in order to improve the grading status of contractors,
- 2.2 The selection criteria for contractors to participate in this programme;
- 2.3 The exit strategy for contractors participating in the programme;

## **3. AUTHORITY OF POLICY**

This policy is authorised and issued by the Member of Executive Council (MEC) for Limpopo Department of Public Works, Roads & Infrastructure (LDPWRI) to employees (i.e. permanent and temporary) of the Department.

## **4. LEGISLATIVE MANDATES**

This Policy shall be read within the context of the South African Law and therefore shall be in harmony with the following:

- 4.1** The Constitution of the Republic of South Africa; and in particular:
- 4.2** The Constitution of the Republic of South Africa of 1996 [Part A of Schedule 4] stipulate the mandate of the Department of Public Works as follows: Provide and Manage Buildings for Provincial Government Departments to render services to citizens.
- 4.3** Government Immovable Asset Management Act [2007]: Caretaker of immovable assets in terms of development and maintenance.
- 4.4** Medium Term Strategic Framework (MTSF) Priority 1: Public Works to create sustainable jobs and promote development of emerging contractors.
- 4.5** Section 217 (1) of the Constitution of RSA: Procurement System shall be fair, equitable, transparent, competitive and cost-effective
- 4.6** Section 217 (2) of the Constitution is the basis of: The Preferential Procurement Policy Framework Act (PPPFA) (Act No. 5 of 2000): Section 2 of PPPFA: Executive Management of every Government Department / organ of state must ensure that a procurement policy is developed and documented as legislated in Section 2 of PPPFA.

Should any provision herein be deemed unconstitutional, illegal or otherwise unenforceable in law this shall not be deemed to affect the legality of any other portions of this Policy. In the event that any section of this Policy is in conflict with any of the abovementioned pieces of legislation, the above legal provision shall take precedence.

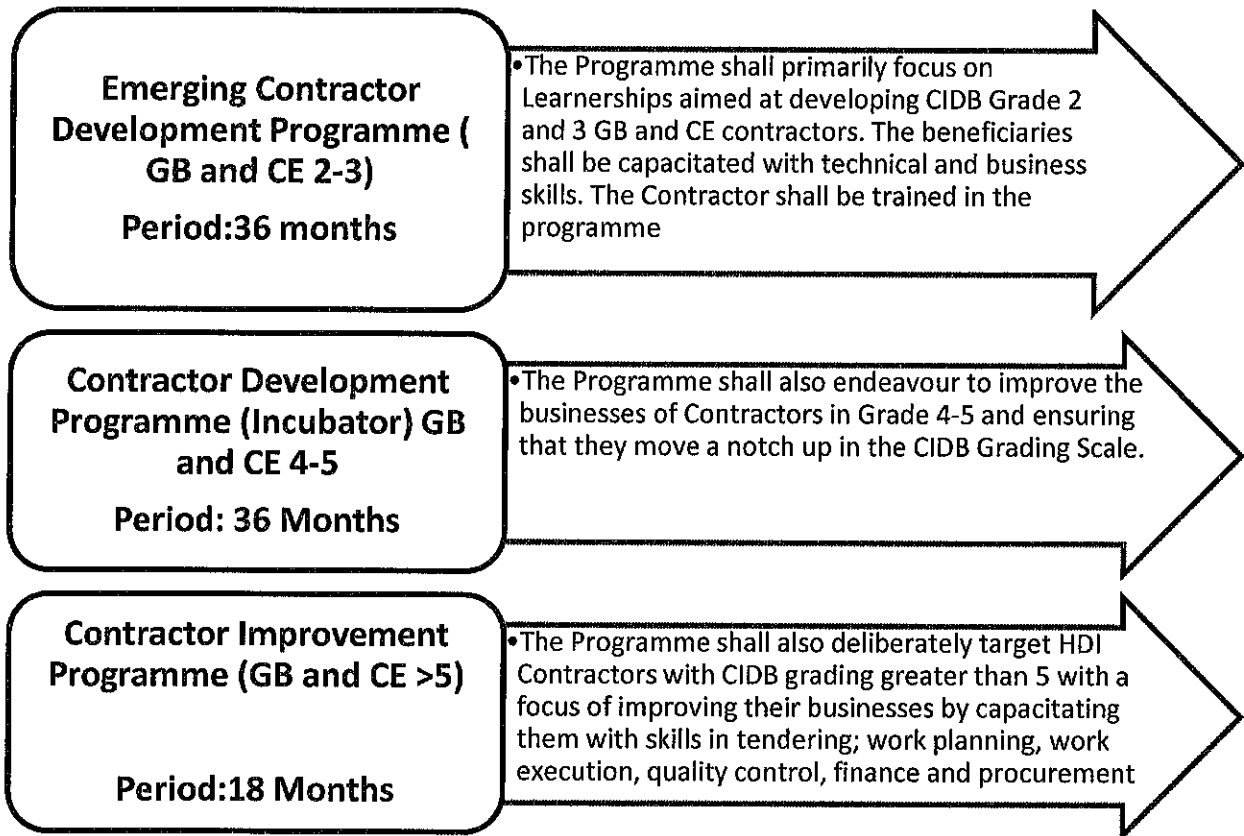
## **5. SCOPE AND APPLICATION**

- 5.1** This policy also applies to consultants and contractors supervising or participating in this program. It applies to other departments and other organs of state implementing infrastructure Projects under LCDP.

## 6. POLICY PRONOUNCEMENT

### OPTIONS FOR CONTRACTOR DEVELOPMENT

The LDPWRI identified three programs which will run concurrently for contractor development as illustrated below:



The maximum allowed duration for participation is 36 months. Within the stipulated duration, the Contractor has to prove his /her capacity and meet all the requirements including level upgrades on CIDB.

## 6.1 STAKEHOLDERS AND THEIR ROLES AND RESPONSIBILITIES

The Table below gives details of the stakeholders and their main Roles and Responsibilities.

Item	Description	Role/Responsibilities
<b>1. Primary Stakeholders</b>		
1.1	LCDP Project Steering Committee (Management Committee)	<ul style="list-style-type: none"> <li>• Ensure buy-in and improved communication;</li> <li>• Direct initiatives that do not fall directly under the management of the Programme Manager: Contractor Development.</li> <li>• Approve the business case for contractor development</li> </ul>
1.2	Chief Directorate: Roads Infrastructure; Provincial Departments Infrastructure; Education Infrastructure Management; and Health Infrastructure Management	<ul style="list-style-type: none"> <li>• Programme Management including planning, implementation, monitoring and evaluation;</li> <li>• Programme Coordination;</li> <li>• Programme Funding;</li> <li>• Selection and appointment of learners;</li> <li>• Identification of suitable Learnership projects (Construction and Maintenance)</li> <li>• Appointment and management of Professional Service Providers and Training Service Providers;</li> <li>• Regular Reporting to EPWP and CIDB.</li> </ul>
1.3	National Department of Public Works Infrastructure	<ul style="list-style-type: none"> <li>• Programme funding;</li> <li>• Appointment and Management of Mentors</li> <li>• Technical Support to the Programme</li> </ul>
1.4	Department of Education	<ul style="list-style-type: none"> <li>• Funding for ring fenced Projects</li> <li>• Identification of suitable Learnership projects</li> </ul>
1.5	Department of Cooperative Governance, Human Settlements and Traditional Affairs	<ul style="list-style-type: none"> <li>• Funding for ring fenced Projects</li> <li>• Oversight during Project Implementation</li> <li>• Identification of suitable Learnership projects</li> </ul>
1.6	Other Provincial Departments	<ul style="list-style-type: none"> <li>• Funding for ring-fenced projects</li> <li>• Identification of suitable Learnership projects</li> </ul>
1.7	Construction Education Training Authority (CETA)	<ul style="list-style-type: none"> <li>• Training Quality Assurance</li> </ul>
1.8	Construction Industry	<ul style="list-style-type: none"> <li>• Programme Support</li> </ul>

Item	Description	Role/Responsibilities
	Development Board	
1.9.	Financial Institution	• Financial Support to Contractors
1.10	Training Service Providers	• Provision of Training Services
1.11	Mentors	• Provision of Mentoring Services (must be registered with SACPCMP)
1.12	Professional Services Consultants	• Design and Allied Services • Quality Assurance during Construction • EPWP Reporting
1.13	Learner Contractors	• Main Beneficiaries • EPWP Reporting
	National Home Builders Registration Council (NHBRC)	• Programme Support
<b>1. Secondary Stakeholders</b>		
2.1	Sector Education and Training Authorities (SETA)	Skills Development
2.2	International Labour Organisation	Technical Support
2.3	Training Mentor	Technical Support

## 6.2 SELECTION CRITERIA

Targeting of specific contractors forms an integral part of the design of a LCDP policy.

A transparent selection process based on a predetermined criteria will be used for the selection of contractors. In general the following shall apply:

- a. Only CIDB registered contractors will participate.
- b. Must have a qualification in the built environment with a minimum from TVET college
- c. Must strictly be residents of Limpopo Province. In addition, the department will also ensure that contractors within a district are given an advantage by allocating a locality point.
- d. Contractors who previously participated in similar training programmes (anywhere in the country) will not be considered.



- e. The learner contractor will also be subjected to credit checking, financial and security screening by a reputable financial service provider before admitted into the program.

### **6.3 LEARNER SELECTION PROCESS**

Learners will be invited through advertisement in selected local and national print media and the Provincial Tender Bulletin. (The Department will follow the applicable government legislation/ policy on inviting learner contractors). Subsequently compulsory briefing sessions will be held in all districts within the Limpopo Province.

After the advertisement closes, the Department will apply a predetermined selection criterion to the applications. Subsequently, short-listed applicants will be requested to undertake written tests and placement assessment. A final list of candidates will be compiled according to the assessment outcomes. The selected learners shall be an equitable representation of all five districts in the province. The selection process will be managed by a joint committee of officials from the Department of Public Works Roads, and Infrastructure, NDPWI, CIDB and other stakeholders.

## **7. LEARNER CONTRACTS**

The learner contractors shall sign contracts with the Department of Public Works, Roads and Infrastructure committing themselves to participating in the program on a full-time basis. The contracts also stipulate that if the learners do not participate fully in the programme they will be expelled from the programme. They should adhere at all times to the code of conduct.

## **8. ALLOCATION OF PROJECTS**

The allocation of projects shall be in line with CIDB guidelines. The contractor will be provided with qualifying projects and support and shall therefore be required to upgrade their category with CIDB at the completion of the project. Failure to do so jeopardises the opportunity for continuous participation in the programmes

## **9. WORKING CAPITAL**

LDPWRI shall support all participating contractors to access working capital from suitable Financial Institutions to ensure the success of the programme. In this regard only Contractors who have clean financial records or at least who have been successfully

rehabilitated shall be admitted into the programme. Contractors will be admitted into the program if they meet the criteria outlined in paragraph 6.3.

## **10. TRAINING**

The training part of the programme is planned to be accomplished in thirty months. Learner contractors shall also be trained on financial management skills.

### **10.1. THEORETICAL TRAINING**

A maximum of six months of the training shall cover theoretical (classroom) training in no less than two continuous sessions and no more than three. Training will be offered by a CETA accredited provider.

Attendance of the Classroom training shall be compulsory and learners shall only be allowed time off for the following cases:

- a. Illness with a registered Medical Practitioner's or Healthcare Worker's certificate.
- b. Compassionate Grounds on the loss or serious illness of a close family member.

The Training Service Providers shall be appointed by LDPWRI/NDPWI. In the case of a Vuk'uphile aligned project, funding will be from NDPWI.

### **10.2. ON SITE SKILLS TRAINING**

The duration of onsite training shall be determined by the nature of the project.

## **11. MENTORING**

Mentors shall be appointed and co-funded by the NDPWI and LDPWRI in order to support the Learner Contractors during the practical training phase of the project. Mentors' staff directly supporting the Learner Contractors shall be seasoned professionals registered with SACPCMP in the built environment with a minimum of twelve years' experience in the Building and/or Civil Engineering industry. NDPWI shall only provide mentorship on Vuk'uphile projects.

## **12. PROFESSIONAL SERVICES**

Professional Services Providers including but not limited to Architects, Civil, Building Services Engineers and Project Managers shall be engaged through the normal Supply Chain Management systems by the LDPWRI.

## **13. EXIT STRATEGY**

### **Emerging Contractor Development Programme**

The contractor exit criterion shall satisfy CIDB criteria for grading one level higher than currently registered. The afore-mentioned criterion is based on the contractor's potential and capability to profitably deliver projects as required by the clients.

### **Contractor Development Programme (Incubator)**

Learner contractors who successfully complete the Emerging Contractor Development Programme may be considered for this program.

At the of the Incubator programme, the contractor will exit the LCDP at the level where the sustainability criteria have been met. In brief, the contractor exit criterion is: Satisfies CIDB criteria for grading one level higher than currently registered. The afore-mentioned criterion is based on the contractor's potential and capability to profitably deliver projects as required by the clients.

### **Contractor Improvement Programme**

At the end of the training Programme, the contractor will exit the LCDP at the level where the sustainability criteria have been met.

## **14. PROGRAMME MANAGEMENT**

### **14.1. PROGRAMME MANAGEMENT STRUCTURE**

LDPWRI shall appoint a Programme Manager to manage this Programme. The Programme Manager's post shall be at level13 (Director) and shall be based at Head Office.

The responsibilities of the Project Manager will be as follows:

- a) Implement LCDP Programme
  - i. Interact with stakeholders on the targeted number of contractors
  - ii. Source LCDP projects, to manage and monitor the programme during implementation stage
- b) Effective administration of the Programme
  - i. Conduct interviews and make selection of the competent contractors.
  - ii. Submit the selected candidates to Financial service provider for credit checking

- c) Manage training providers & Mentors
  - i. Facilitate appointment of training providers.
  - ii. Monitor, Manage and Approve training provider invoice.
  - iii. Facilitate monthly meetings between the mentors and training providers
  - iv. Facilitate appointment of mentors.
  - v. Monitor, Manage and Approve Mentor invoice.
  - vi. Facilitate monthly meetings between the mentors and training providers

## 15. MONITORING FOR COMPLIANCE WITH POLICY

### Monitoring compliance of the Programme

The Programme Manager shall ensure that he/she establish a Monitoring system that tracks the compliance of the Programme. The Programme shall submit a Project Report monthly to the Chief Director Construction and Quarterly to the EA. At a minimum the following shall be tracked:

Aspect	Monitoring Method	Frequency
Contractor CIDB Registration	CIDB Website	Bi-annually and per CIDB frameworks
Contractor Training Attendance (Theoretical)	Attendance Registers, Training Reports	Monthly
Contractor Training Attendance (Practical)	Mentors Report	Monthly
Trainers' Qualification, Professional Registration	CVs, Certificates, Professional Bodies	Biannually
Trainers' Attendance	Unannounced On site visits by Programme Manager	Monthly or shorter
Mentors' Qualification, Professional Registration	CVs, Certificates, Professional Bodies	Biannually
Compliance to Contracts	PSP reports	Monthly

## **Performance indicators Baseline**

The following indicators will be measured annually for the performance of the program in Limpopo Province. The baseline will be 2016/2017 financial year.

- Current percentage of failed contracts.
- Percentage of HDI contractors deregistered
- Proportion of the Value of State Contracts awarded to HDIs contractors in different categories.

## **16. DEFAULT**

Any person who fails to comply with this policy will have his or her contract terminated.

## **17. DISPUTE RESOLUTION AND ARBITRATION**

17.1 Nothing in this policy should create a cause of action for any party. Any dispute or misunderstanding will be resolved through consultation, negotiation and/or mediation. It is not the intention of this policy that dispute or misunderstanding should be subject to litigation and rely on a court of law

17.2 Should any difference or dispute arise at any time the LCDP Management Committee (MANCO) shall meet within fourteen (14) days, or such period as the Parties may agree, from the date on which the dispute arose, to resolve the dispute amicably.

## **18. INCEPTION DATE**

Inception date of this policy will be the date after approval by the EA.

## **19. TERMINATION AND REVIEW OF THE POLICY**

The Programme Steering Committee is mandated to review the Policy if there is a need or be reviewed at the end of the MTSF Period and at an interval of three (3) years or amended by the relevant legislation change in legal mandate.

## 20. ENQUIRIES

All enquiries regarding the policy should be made with Roads Infrastructure, Provincial Departments Infrastructure, Education Infrastructure Management, and Health Infrastructure Management.

### APPROVAL

  
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Mme. NC RAKGOALE  
MEMBER OF EXECUTIVE COUNCIL

31/03/2023  
DATE