

**SIYANCUMA
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Definitions

Words in this policy have the meaning assigned to them in this section:

"Black Designated Groups" has the meaning assigned to it in the codes of good practice issued in terms of section 9(1) of the Broad-Based Black Economic Empowerment Act.

"Black people" has the meaning assigned to it in section 1 of the Broad-Based Black Economic Empowerment Act.

"Broad-Based Black Economic Empowerment Act" means the Broad-Based Black Economic Empowerment Act, 2003 (Act No. 53 of 2003).

"Co-operative" means a co-operative registered in terms of section 7 of the Cooperatives Act, 2005 (Act No. 14 of 2005).

"Designated Group" means

- (a) Black Designated Groups
- (b) Black people
- (c) Women
- (d) People with disabilities or
- (e) Small enterprises, as defined in section 1 of the National Small Enterprise Act, 1996 (Act No. 102 of 1996)

"Designated sector" means a sector, sub-sector or industry or product designated in terms of regulation 8(1)(a).

"EME" means an exempted micro-enterprise in terms of a code of good practice on black economic empowerment issued in terms of section 9(1) of the Broad-Based Black Economic Empowerment Act.

"Functionality" means the ability of a tenderer to provide goods or services per specifications as set out in the tender documents.

"Military veteran" has the meaning assigned to it in section 1 of the Military Veterans Act, 2011 (Act No. 18 of 2011).

"National Treasury" has the meaning given to it in section 1 of the Public Finance Management Act, 1999 (Act No. 1 of 1999).

An "Organ of State" includes:

- (a) A national or provincial department as defined in the Public Finance Management Act, 1999
- (b) A municipality as contemplated in the Constitution
- (c) A constitutional institution as defined in the Public Finance Management Act
- (d) Parliament

(e) A provincial legislature

"People with disabilities" has the meaning assigned to it in section 1 of the Employment Equity Act, 1998 (Act No. 55 of 1998).

"Price" includes all applicable taxes less all unconditional discounts.

"Proof of B-BBEE status level of contributor" means:

- (a) The B-BBEE status level certificate issued by an authorised body or person
- (b) An affidavit as prescribed by the B-BBEE Codes of Good Practice; or
- (c) Any other requirement defined in terms of the Broad-Based Black Economic Empowerment Act

"QSE" means a qualifying small business enterprise in terms of a code of good practice on black economic empowerment issued in terms of section 9(1) of the Broad-Based Black Economic Empowerment Act.

"Rand value" means the total estimated value of a contract in Rand, calculated at the time of the tender invitation.

"Stipulated minimum threshold" means the minimum threshold stipulated in terms of regulation 8(1)(b).

"The Act" means the Preferential Procurement Policy Framework Act, 2000 (Act No. 5 of 2000).

"Treasury" has the meaning assigned to it in section 1 of the Public Finance Management Act, 1999 (Act No. 1 of 1999).

"Youth" has the meaning assigned to it in section 1 of the National Youth Development Agency Act, 2008 (Act No. 54 of 2008).

Preamble to the Policy for Targeted Contractor Development

The National Preferential Procurement Policy Framework Act PPPFA, 2000 (Act 5 of 2000) gives effect to Section 217(2) of the Constitution and determines that an organ of state must develop a preferential procurement policy and implement such Policy within the PPPFA framework.

In terms of The Constitution and the Act, a preferential procurement policy must provide a preference point system and Targeted Contractors to which preference would apply.

The Construction Industry Development Board (CIDB) is mandated through the Construction Industry Development Board Act 38 of 2000 to support contractor development and participation of the emerging sector.

The Potentially Emerging (PE) status was introduced in the Construction Industry Development Board (CIDB) Regulations in 2004 to advance the development of emerging contractors by providing, subject to specific requirements, for emerging contractors to tender for work at one grade higher than the contractor's registered grading designation. Inform Practice Note 32 seeks to clarify the essentials to create an enabling environment where clients may use the PE status as an instrument to support the development and transformation agenda.

The National Contractor Development Framework establishes the parameters for implementation by the National and Provincial Departments of Public Works and the CIDB to provide leadership and support to the public sector and other stakeholders in the development of previously disadvantaged contractors. Contractor development is a deliberate and managed process to achieve targeted contractor developmental outcomes that improve a contractor's:

- Grading status
- Performance and quality
- Equity and targeted ownership

The various components of contractor development addressed by the National Contractor Development Programme (NCDP), specifically, comprises of:

- New entrants (or start-ups)
- Enterprise development
- Performance improvement

The design, execution, coordination and monitoring of the contractor development plan has no reward process for achieving potential emerging status. The role, responsibility, and accountability for the success of the PE status is at the client's discretion.

This Targeted contractor development Policy is a preferential procurement policy in the act specifically focused on the building, construction, and related supply sectors.

Targeted Contractor Development provides opportunities for targeted enterprises to perform contracts through various techniques. The targeted enterprise may not have the necessary resources, capacity, or expertise. Developmental procurement allows for the usual competition between service providers and does not guarantee contracts upfront to target enterprises but allows social goals to be included in this process.

The targeted contractor development policy is about:

- Simplifying procurement processes to create opportunities to develop leading quality construction companies through:
 - Developing a better understanding of the construction resource requirements for each project or work package
 - Introducing simplified procurement of construction resources requirements; including most professionals and categories of contractors
 - Standardising entry, selection, and evaluation criteria
- Enabling procurement processes to reduce the actual cost of construction, particularly for the government.

Policy for Targeted Contractor Development

1. Objectives of the targeted contractor development policy

The targeted contractor development policy of Siyancuma Local municipality aims to implement a procurement mechanism that provides for categories of preference in the allocation of contracts; and the protection or advancement of persons, or categories of persons, disadvantaged by unfair discrimination.

The Siyancuma Local Municipality aims to spend 30% of infrastructure budget through targeted development programme.

The policy goals are:

- a) To create sustainable contracting enterprises by enabling continuous work through a competitive process

- b) To improve the grading status of suppliers, service providers and contractors in targeted categories and grades
- c) To increase the number of black women-, disabled-, and youth-owned companies in targeted categories
- d) To improve the performance of suppliers, service providers and contractors in terms of quality, employment practices, skills development, safety, health, and the environment
- e) To improve the business management and technical skills of these suppliers, service providers and contractors through:
 - Mentorship
 - Training
 - Reduced (or no) guarantees
 - Financial support

The Targeted Contractor Development approach, which includes social benefits in the criteria relevant to the contract award, ensures that social benefits can be obtained without any additional cost on top of the tender price.

The Policy of Siyancuma Local Municipality in respect of Targeted Contractor Development is that:

- a) State expenditure is recognised as an instrument of government policy to achieve economic, socio-economic and development objectives.
- b) Procurement can be applied as an instrument of secondary redistribution to alter primary income distribution and address historic imbalances by creating employment and business opportunities for historically disadvantaged groups in South African society.
- c) Targeted Contractor Development through Preferential Procurement is recognised as a valid instrument for such social reform.
- d) It is recognised that Targeted Contractor Development cannot be applied without cost. Such cost should be subject to the Siyancuma Local Municipality budget and the prioritisation processes applicable to all the Siyancuma Local Municipality expenditures.



- e) As far as possible, the tendering process must be electronic, including the contractors that will be invited to participate in the tender.
- f) This Policy marks the beginning of a long-term path Siyancuma Local Municipality intends to walk, representing the first phase of implementation. With the maturity of the Siyancuma Local Municipality and contractors, this Policy will also mature to visible socio- and economic benefits.

2. Outcomes of targeted contractor development policy

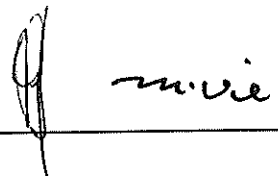
The targeted interventions actively promote the following development outcomes:

- a) Improve the grading status of contractors in targeted categories and grades.
- b) Increase the number of black, black women, disabled, and youth-owned companies in targeted categories.
- c) Create sustainable contracting enterprises by enabling continuous work through a competitive process.
- d) Improve the performance of suppliers, service providers and contractors in terms of quality, employment practices, skills development, safety, health, and the environment.
- e) Improve the business management and technical skills of these suppliers, service providers and contractors.

3. Targeted criteria

The Targeted Contractors consist of contractors that are registered with the CIDB in categories 1 to 8, is a Targeted Enterprise who are:

- 1. Black people who are 51% Black owned companies
- 2. Black people who are youth 51% Black owned companies
- 3. Black people who are women 51% Black owned companies
- 4. Black people with disabilities 51% Black owned companies
- 5. Black people living in rural or underdeveloped areas or townships or within the jurisdiction of the province or Municipality boundaries 51% Black owned companies
- 6. Black people who are military veterans 51% Black owned companies



The municipality must specify the Targeted grades based on supply and Demand: Development of new contracting capacity only where the most demonstratable shortages exist that are aligned with the service delivery objectives of the municipality guided by the Integrated Development Plan (IDP).

4. Targeted contractor development using the Potentially Emerging (PE) status

With this Policy, Siyancuma Local Municipality undertakes to:

- a) Support the development of emerging contractors in the construction industry using the Potentially Emerging (PE) policy instrument developed by the CIDB.
- b) Establish and resource a Contractor Development Programme in line with the CIDB Guidelines for Establishing Contractor Development Programmes.
- c) To allocate projects to the Contractor Development Programme, within which the PE status can be applied.
- d) Support the development of emerging contractors in the construction industry using the Potentially Emerging (PE) policy instrument developed by the CIDB.

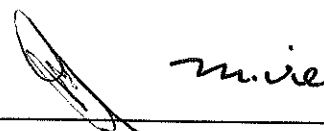
Siyancuma Local Municipality will provide developmental support to a PE status contractor awarded a contract through an open competitive procurement process. Still, such developmental support shall not be a prerequisite for the contractor to complete the project. It shall not influence the eligibility or functionality assessment in the award of the tender.

5. Determining construction resource requirements

A targeted contractor development programme requires a good understanding of the supply of construction resources and the resources that Siyancuma Local Municipality will need development. Siyancuma Local Municipality will be implementing a targeted contractor development programme by compiling a procurement plan for all classes of building and construction works based on the value of projects for each category and grade of works as per the example in Table 1 below.

Table 1: Procurements per Region in each category and class: Name of Region/Municipality

Grade	No	of	Value of Work '000
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	Projects							
		Total	GB	CE	EB	EP	ME	SW
Grade 4								
Grade 5								
Grade 6								
Grade 7								
Grade 8								
Grade 9								

6. Procurement of construction resources

Siyancuma Local Municipality will adopt a transparent selection process for entrance to the CDP based on predetermined criteria. The municipality will invite for the expression of interest using eligibility and pre-evaluation criteria and selection to contract contractors who have the capability and capacity to provide the services. The invitation must state that contractors with a Potentially Emerging status should respond, and only those who have expressed interest, satisfy objective criteria will be selected to participant in the programme.

To improve quality, the municipality may pre-contract with a limited number of contractors on a prequalified list, based on the projected demand and geographic location for such goods, services or works and particularly projects deemed complex or specialist in nature.

Siyancuma Local Municipality should prequalify contractors for all required classes of works and grades in the register of contractors, based on the requirements contained within the Procurement Plan.

It is essential not to overload contractors with contracts, which requires long-term workload management by setting a maximum turnover per annum. In addition, tenders invited in this category should stipulate the top financial grade for the contractor and PE contractor.

7. Functional evaluation for tenders which considers the potentially emerging status

When Siyancuma Local Municipality consider tender conditions applicable to a specific tender, it must determine:

- (i) The 80/20 system will apply to all tenders in the Targeted Contractor Development Programme.
- (ii) Whether the construction tender will be evaluated based on functionality.
- (iii) If goods or services of a construction tender are in a designated sector for local production and content as envisaged with Local Production and Content.
- (iv) Whether objective criteria are relevant to the tender as envisaged in the PPPFA.
- (v) All attempts should be made to use the labour and materials from residents per ward to benefit such specific communities.

7.1 Preferential Evaluation allocation Guide:

80: 20 Evaluation Criteria (80 point for Price) (20 for Preference)

90: 10 Evaluation Criteria (90 point for Price) (10 for Preference)

Target Criteria	20		10	
	Local	Disabled	Local	Disabled
1. Black people >51% Black owned companies	12	8	6	4
2. Black people who are youth 51% Black owned companies	12	8	6	4
3. Black people who are women 51% Black owned companies	12	8	6	4

4. Black people with disabilities 51% Black owned companies	12	8	6	4
5. Black people living in rural or underdeveloped areas or townships or within the jurisdiction of the province or Municipality boundaries 51% Black owned companies.	12	8	6	4
6. Cooperatives which are at least 51% owned by Black people 51% Black owned companies.	12	8	6	4
7. Black people who are military veterans 51% Black owned companies	12	8	6	4

8. Inviting tenders for the prequalified list (Template 2)

Siyancuma Local Municipality must advertise the tender for the pre-equalisation on the list as an open tender, but only a contractor from a Targeted Contractor will qualify for inclusion within a targeted contractor development programme. When inviting tenders for the prequalified list, prequalification criteria should be considered and selected so that service delivery's efficiency, effectiveness, and economic value are not affected.

9. Inviting and selecting contractors from the prequalified list (template 1)

10. Subcontracting after awarding of a tender

A contractor awarded a contract may only enter a sub-contracting arrangement with the approval of Siyancuma Local Municipality.



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A contractor awarded a contract about a Targeted Contractor may not sub-contract in such a manner that the local production and content of the contract's overall value is reduced to below the stipulated minimum threshold.

A contractor awarded a contract may not sub-contract more than 25% of the agreement's value to any other contractor that is not from a Targeted Contractor.

11. Developing the supply chain for designated groups for material purchases

Siyancuma Local Municipality may advertise a tender, with a specific condition, to purchase materials and goods from suppliers for a designated group according to the sector charter for the sector, except where such materials or goods are already provided by a Designated Sector as prescribed by National Treasury.

12. Payments

The Siyancuma Local Municipality will affect payments on a contract where a Targeted Contractor is targeted for contractor development within 7-14 days of receipt of invoice. Siyancuma Local Municipality must have a clause compelling the main contractor to pay subcontractors within three days of receipt of payment. If the main contractor fails to pay the contractor on time, the penalty clause must apply. Delayed payments by the main contractor must be interest-bearing, and the municipality may apply the penalty should the main contractor not pay the interest to the subcontractor. The penalty will be 2% per day that the main contractor's payment is delayed and may not be recovered from the subcontractor in any way.

Siyancuma Local Municipality will pay the undisputed portion of an invoice within 14 days of receipt

and immediately implement measures to resolve the disputed amount of the invoice.

Professionals delaying the certification of work must be penalised with 2% of the value of the contractor's invoice for each day the certificate is delayed unnecessarily. The professional contract must be amended to include the timeframes for certification and the penalty.

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Where an invoice or tax invoice is not paid within a period of 14 days, the municipality must in addition to the amount that had become due and payable, pay interest to the contractor, at the repurchase rate determined by the Reserve Bank in terms of section 10 (2) of the Reserve Bank Act, 1989 (Act No. 90 of 1989), plus 6%. Any interest paid in accordance with the above must be disclosed in the financial statements of the municipality.

13. Retention

Siyancuma Local Municipality will lower retention monies requirements for Targeted Contractors, based on the risk exposure and type of contract. Table 5 illustrates the minimum level of retention or sureties that will be introduced.

Table 5: Minimum Level of Sureties									
Complexity of Work	Grade 1 PE	Grade 2	Grade 3 PE	Grade 4 PE	Grade 5 PE	Grade 6 PE	Grade 7 PE	Grade 8 PE	Grade 9 PE
Group 1	1%	2%	3%	4%	5%	6%	7%	8%	10%
Group 2	1%	2%	3%	4%	5%	6%	7%	8%	10%
Group 3	0%	0%	2%	2%	3%	4%	5%	5%	5%

Note¹:

Group 1: Specialist work that requires considerable innovation, creativity, and expertise or skill (or both) or works with a high downstream impact.

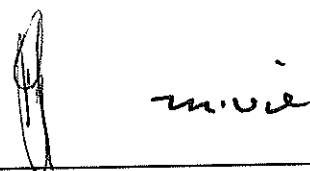
Group 2: Complex work - characterised by requirements for higher skills, more significant resources or not well-defined inputs and outputs.

Group 3: Simple/straightforward/routine work - where the tasks or activities are specific in which inputs are relatively well known and outputs can be readily defined.

Note: The value of the project or quantities shall not be used to determine whether the project is of a complex or specialist nature.

14. Mentoring of targeted contractors

The municipality must require a potentially emerging contractor to appoint a mentor or professional staff if such staff is not available to the contractor. The municipality may bear the cost of mentorship if it is in the interests advancing a contractor.



15. Training

Siyancuma Local Municipality may require a potentially emerging contractor to undergo training aligned on a contract with a duration of more than one year. The training must be in line with the

Requirements and Guidelines for CIDB Contractor Accreditation. The Siyancuma Local Municipality may bear 50% of the cost of the training.

16. Monitoring and evaluation framework

The CIDB will regularly monitor and evaluate the Contractor Development Programmes (CDP). Siyancuma Local Municipality will report to the CIDB on their programmes quarterly and annually as per the critical indicators presented in Table 7 below.

Table 7: Key Indicators

Indicator	Description	Frequency	Baseline	Target	Achievements
Budget	Annual budget allocated for the CDP	Annually			
Project awards	Number of tender awards with CDP	Quarterly			
	Value of tender awards with CDP				
Mentoring and training	Number of mentors appointed	Quarterly			
	Approximately time the mentor spent with the contractor				
Costs	Cumulative planned expenditures on CDP	Quarterly			
	Cumulative actual expenditures on CDP				
Cost Sharing	Total contractor direct contributions to mentoring and training	Quarterly			
Upgrades	Number of contractors that meet the requirement for improving the CIDB grading	Annually			



ANNEXURE A

Implementing the Policy for Targeted Contractor Development

This section is intended as a resource for the municipality to modify its delegations to incorporate it with its present procurement delegations and to use the processes to design its own process while assuring that they are aligned with the Framework for Infrastructure Delivery and Procurement Management (FIPDM)

1. Delegations of authority

In addition to the normal standing instruction of Siyancuma Local Municipality it should include the following procedural steps and delegations to ensure the successful implementation of targeted contractor development. Note that this is not a complete set of delegations, only those that need to be added to the current delegations to implement contractor development.

Table 6: Delegations of Authority			
Process	Item	Procedural Step	Delegation of Authority
Policy Management	1.	Prepare Model Policy for Targeted Contractor Development as standard sourcing strategy for contractor development	Head of SCM
Policy Management	2.	Approve Model Policy for Targeted Contractor Development as standard sourcing strategy for contractor development	Accounting Officer
Policy Management	3.	Inform CIDB of targeted contractor development initiative	Head of SCM
Procurement Planning	4.	The Siyancuma Local Municipality will be implementing a targeted contractor development programme by compiling a procurement plan for all classes of building and construction works based	Head of Demand Management / Senior Manager



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		on the value of projects for each category and grade of works	
Specification	5.	The Siyancuma Local Municipality will standardise specification for projects that is selected for contractor development and simplify the bills of quantities	Head of Demand Management /Senior Manager

Table 6: Delegations of Authority

Process	Item	Procedural Step	Delegation of Authority
Specification	6.	Ensure that the bid documentation include evaluation and adjudication criteria, including the criteria proposed in the Model Policy for Targeted Contractor Development	Head of Demand Management /Senior Manager
Specification	7.	Approve the utilization of non-standard specifications/Terms of Reference	Head of Demand Management /Senior Manager
Advertisement	8.	Ensure prequalification tenders are: a) Advertised in the CIDB i-Tender System; and b) Registered on the CIDB Register of Projects (RoP) on award; and c) progressively updated until project completion for the promotion, assessment, and evaluation of best practices on construction projects	Head of Acquisition Head of Contract Management
Acquisition	9.	The Siyancuma Local Municipality will in accordance with the Standard for Uniformity select one of the following Procurement Methods	Head of Acquisition



		PP2A: Nominated procedure: Tenderers that satisfy prescribed criteria are accepted to an electronic data base. Tenderers are invited to submit tender offers based on search criteria and their position on the data base. Tenderers are repositioned on the data base upon appointment or upon the submission of a tender offer. PP2C: Qualified procedure a call for expressions of interest is advertised and thereafter only those tenderers who have expressed interest, satisfy objective criteria and who are selected to submit tender offers, are invited to do so	
Pre-qualified list of Contractor	10.	Compile a list of contractors that meet the prequalification and selection criteria that can rotate based on the selection criteria	Head of Acquisition
Select Contractors	11.	Select contractors form the list of prequalified contractors' section 9 of the Policy	Head of Acquisitions

Table 6: Delegations of Authority

Process	Item	Procedural Step	Delegation of Authority
Invite Proposals	12.	Invite tenders in accordance with the Standard for Uniformity Procurement Method according to PP3A: Restricted competitive negotiations Invite contractors from the prequalified list that satisfy objective criteria and who are selected to submit tender offers, are invited to do so. The municipality evaluates the offers and determines who may enter competitive negotiations.	Head of Acquisitions
Performance Monitoring	13.	Ensure service provider's performance is monitored by establishing a track record for service providers.	Project Manager



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2. Process alignment with framework for infrastructure procurement

To ensure that a Targeted Contractor Development Initiative is implemented successfully the following documents must be prepared and maintained during a project process:

- Initiation Report of Prefeasibility Report
- Concept Report or Feasibility Report
- Design Development Report
- Design Documentation
- The original bid documents from the successful bidder
- The Contract Managed and all related contract documents
- Completed Works Certificates
- Handover Certificates and Records
- Close Out Report

TEMPLATE 1

Contractor Development
Programme (CDP) Procurement Strategy

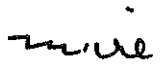
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1 GLOSSARY OF TERMS

- 1.1 **“Contracting strategy”** means a strategy that is adopted to procure goods, services or construction works or to undertake a concession in the most advantageous and cost-effective manner. This is a strategy that governs the nature of the relationship which the municipality wishes to foster with the contractor, which in turn determines the risks and responsibilities between the parties to the contract and the methodology by which the contractor is to be paid.
- 1.2 **“Pricing strategy”** means a strategy that is adopted to secure financial offers and to remunerate contractors in terms of the contract.
- 1.3. **“Procurement procedure”** means a selected procedure for a specific procurement.
- 1.4 **“Procurement Strategy”** means a combination of the delivery management strategy, contracting arrangements and procurement arrangements for a particular procurement. It necessitates that several choices to be made from available options. This can be developed for a single project, programme, or portfolio of projects to identify the best way of achieving objectives and value for money.



1.5 “**Targeting Strategy**” means a strategy that is adopted to promote secondary procurement policy objectives.

2 PURPOSE

The purpose of this document is to outline and document the procurement strategy of the Contractor Development Programme (CDP).

3 BACKGROUND

3.1. In line with the Siyancuma Local Municipality’s vision to implement a contractor development programme to increase the capacity, equity ownership, sustainability, quality, and performance of the CIDB registered emerging contractors. the municipality intends achieving its socio-economic objectives through procurement and has set targets for empowerment of vulnerable groups through its expenditure, irrespective of the source of funding.

3.2. The procurement strategy outlines the way contractors will be allocated projects in the CDP.

4 PROBLEM STATEMENT

4.1. The municipality is required to achieve the targets in all of its procurement namely, Youth (30%), Women (40%), People with Disabilities (15%) and Military Veterans (10%). In Addition, there is a need to balance the geographic equity of contracting entities within the (Municipal/Provincial) jurisdiction to meet government’s mandate to award contracts to local communities.

4.2. However, the current legislative framework does not allow the institution to target the abovementioned demographic groups as previously done in the previous Emerging Contractor Development Programme. For this to be realised, the municipality has to intervene in a meaningful way by introducing a procurement strategy that will be applicable to the Contractor Development Programme (CDP).

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5 PROCUREMENT PROCESSES OF THE CONTRACTORS

5.1 Entry into the development programme

5.1.1. A call for expression of interest will be advertised and thereafter only those contractors who have expressed interest and satisfy objective criteria will be selected to participate in the programme. This is already addressed in the Expression of Interest Document of the CDP (Appendix 1 – selection criteria).

5.1.2. The contractor selection process is detailed in the contractor selection strategy of the programme, in accordance with the CIDB Contractor Development Framework. Potential participants will be selected to participate in the programme based on the approved selection criteria. The selection criteria are aligned to the CIDB's National Contractor Development Programme (NCDP) Framework.

5.2 Principles of allocation of projects to contractors

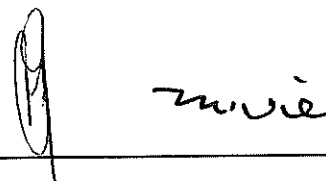
5.2.1. One of the pillars of the programme is the availability of projects for participating contractors. It is critical for contractors to gain practical experience through repeat projects from the programme. The availability of projects and scope of works will provide longevity and sustainability within the defined period of a contractor in the programme.

5.2.2. The technical division will identify suitable projects for the programme based on the targeted CIDB grade of contractors.

5.2.3. Project identification will consider project locality and complexity and must be matched with the capability of the contractor.

5.3 Number of projects for grades 1 and 2 contractors at a time

5.3.1. Grades 1 and 2 contractors can only be awarded 1 project at a time. The contractor will have to produce a Completion Certificate for any previous work prior to being considered for any new award of a quotation or tender.

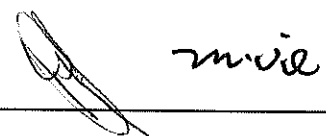


5.4 Maximum number of contracts for grades 1 and 2 contractors

- 5.4.1. The municipality reserves the right to award more than one contract to Grades 1 and 2 contractors within the targeted vulnerable groups to expedite retrospectivity.
- 5.4.2. If the municipality chooses to award more than one contract in terms of 5.4.1 above, then Grades 1 and 2 contractors can be awarded a maximum of at least two projects in a year.

5.5 Number of projects for grades 3 to 5 contractors

- 5.5.1. In the evaluation of tender offers for Grades 3 to 5 contractors, the Project Manager must assess their performance on the current projects.
- 5.5.2. Where a contractor is struggling with a current contract, the Project Manager must conduct a risk assessment that will inform the Accounting Officer whether to award further work to that Contractor or not.
- 5.5.3. It must be always noted that the municipality carries a risk for the waived sureties, acceptable workmanship, and timeous delivery of the project. It is therefore necessary that the Project Manager conducts a proper financial and technical assessment all the time prior to any award being made to a contractor. The criteria will include:
 - 5.5.3.1. Current workload (number and value of current active projects);
 - 5.5.3.2. Implementation timelines of the current project.
 - 5.5.3.3. Status of implementation of projects (Are they on time, delayed or complete); and
 - 5.5.3.4. Any delivery challenges experienced by the contractor under review.
- 5.5.4. Where a contractor will want to carry out more than two projects at a time, sureties for all projects being carried out at a time would need to be effected. The Department will also reserve a right to withdraw contract management

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support systems already offered on any other concurrent projects already awarded.

5.6 Value of projects

5.6.1. The value of projects to be allocated/awarded to Contractors must, where feasible, be linked to the maximum value (including the allowable 20% risk factor) of the CIDB grading designations and class of works or in case of a "PE" registered status one level higher than the registered current registered grading designation and class of works, to maximise their opportunities to upgrade to higher grades. (7.3.2)

5.7 Process for contractors competing for procurement opportunities.

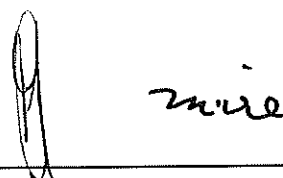
5.7.1. Once Contractors are selected, they will be required to compete for procurement opportunities within the programme.

5.7.2. The process to be followed will involve the advertising of tender opportunities within the programme and allowing contractors to compete for the opportunities. The competition between the CDP contractors must be done in a manner that complies with both the National Treasury Instructions and Practice Notes and also the CIDB Standard for Uniformity (August; 2019).

5.8 Procurement process for grades 1 to 3 CDP contractors

5.8.1. Grades 1 to 3 contractors will complete a tender document with a bill of quantities that requires them to compete on rates only. This will be for the purpose of their training on how to build up rates and pricing of the bills of quantities' items.

5.8.2. The contractors' submission will be assessed, points allocated, and Contractors ranked from the highest to the lowest. The highest-ranking contractor will be allocated the highest value project based on corrected and adjusted rates by the quantity surveyor. Even though these projects will be ring-



fenced, there will be fairness, competitiveness, accountability, and efficiency among the competing Contractors participating in the programme.

5.8.3. The Project Manager will prepare and submit tender evaluation reports to the Municipal Bid Adjudication Committee (BAC).

5.9 Procurement process for grades 4 to 5 contractors

5.9.1. The Contractors will be required to compete for tenders.

5.9.2. Tender notices/adverts will be issued only to participating contractors, and they will be required to respond by completing the tender documents in full and submitting back to the respective region/municipality for formal consideration.

5.9.3. The evaluation report for Grade 4 and 5 will be adjudicated by BAC.

5.10 Determining the evaluation methods for CDP contractors

5.10.1. There are two methods of evaluating tender offers, i.e., Method 1: Price and Preference and Method 2: Functionality, Price, and Preference (See Table 1 below).

5.10.2. Grade 1 to Grade 3 contractors will be evaluated as per method 1 (one), without functionality criteria.

5.10.3. Grade 4 to Grade 5 contractors will be evaluated as per method 2 (two), with functionality criteria.

Table 1: Standard Tender Evaluation Methods (As per the CIDB Standard for Uniformity – August 2019)

Method	Description
Method 1: Price and Preferences	1) Score tender evaluation points for price
	2) Score points for B-BBEE Contribution
	3) Add the points scored for price and B-BBEE
Method 2: Functionality,	1) Score functionality, rejecting all tender offers that fail to score the minimum number of points for functionality stated in the tender data



Price and Preference	2) No tender must be regarded as an acceptable tender if it fails to achieve the minimum qualifying score for functionality as indicated in the tender invitation
	3) Tenders that have achieved the minimum qualification score for functionality must be evaluated further in terms of the prescribed preference points system

Table 1: The Requirements for Different Grades are as follows:

Determining Financial Capability				
Grade	Upper Limit of Tender Value Range (R)	Best Annual Turnover (R)	Largest Contract (R)	Available Capital (R)
1	500 000	0	0	0
2	1 000 000	0	130 000	0
3	3 000 000	1 000 000	450 000	100 000
4	6 000 000	2 000 000	900 000	200 000
5	10 000 000	3 250 000	1 500 000	650 000
6	20 000 000	6 500 000	3 000 000	1 300 000
7	60 000 000	20 000 000	9 000 000	4 000 000
8	200 000 000	65 000 000	30 000 000	13 000 000
9	No limit	200 000 000	90 000 000	40 000 000

Source: www.cidb.org.za

Note: This table is directly tied to the CIDB (Construction Industry Development Board) grading structure. It must be amended accordingly should any revisions or updates be instituted by the CIDB.

6 STANDARD CONDITIONS OF TENDER FOR TENDERS

6.1 Standard tender documents to comply with the CIDB Prescripts

6.1.1. The Project Manager will develop Standard pro-forma tender documents, quotations and forms that incorporate the CDP Framework requirements for grades 1 to 5. The Standard pro-forma documents will be in accordance with the CIDB Standard for Uniformity in Construction Procurement (CIDB SFU; August 2019).



6.2 Form of contract for contractors

6.2.1. All Contractors will make use of the adopted Form of Contract, i.e., General Conditions of Contract (GCC 2015, as amended).

6.3 Project budget estimates

6.3.1. The project budget estimates, as developed by the Programme's Project Manager shall be utilised to determine the grading designation as required for the tender advert data.

6.3.2. The BAC shall recommend the budget estimates to the Accounting Officer for approval.

6.4 Advertising of tenders for contractors

6.4.1. The tenders will not be advertised in the media but will be advertised to the data base of Contractors in the programme.

6.5 Payment for tender documents

6.5.1. The tender documents will be made available for free to Grades 1 to 3 contractors.

6.5.2. Grades 4 and 5 will be issued electronic copies and if they need hard copies, they will be required to pay for them.

6.6 Issuing of tender documents

6.6.1. All tender documents shall be made available from the date of advertising by the office from which that tender originates.

6.6.2. Contractors tendering for work from Grade 2 upwards shall collect their documents prior to attending the compulsory site clarification meetings.

6.6.3. Grade 1 quotations shall be collected from the advertising date until the same day of the site clarification meeting.

6.7 Tender clarification meetings

- 6.7.1. The Programme's Project Manager will convene a compulsory site inspection/clarification meeting shall be held for each tender issued.
- 6.7.2. The details of each tenderer must be accurately recorded at the site clarification meetings and the tenderer must sign an acknowledgement that he/she was present.
- 6.7.3. Only one representative shall be allowed to represent one Contracting entity and no multi-representation will be allowed at the site clarification meetings.

6.8 Adjudication of tenders

- 6.8.1. The use of estimates as a benchmark for adjudication purposes shall not be permissible according to Treasury Practice Note Number: SCM-12 of 2006.
- 6.8.2. All Grades 1 to 5 tender adjudications shall be done by the BAC.
- 6.8.3. If a bidder is found to be non-responsive, then the reasons for the finding must be defensible in a court of law.

6.9 Procurement turn-around times

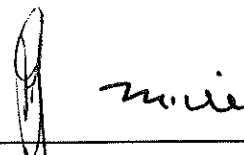
- 6.9.1. The procurement turnaround time for projects will be thirty (30) days from closing of tenders.

6.10 Appeals processes

- 6.10.1. The appeals processes will not apply to the procurement processes of projects.

6.11 Preparation of tender evaluation reports for tenders

- 6.11.1. The Programme's Project Manager will prepare Tender Evaluation Reports in accordance with the approved formats of the Siyancuma Local Municipality Tender Evaluation Reports.



6.11.2. All the tenders will be adjudicated in terms of the procurement delegations as enshrined in the municipality's Supply Chain Management Policy.

6.12 Preferences and targeted approach of the programme

6.12.1. Application of preferences and the targeted approach for the Programme will be applied to all the tenders as stipulated within the Broad Based Black Economic Empowerment Act, and municipality SCM policy and CIDB prescripts.

7 MANAGEMENT INTERVENTIONS / ENABLING ENVIRONMENT ISSUES

7.1 Engagement of local labour for contractors (Contracts)

7.1.1. All local labour recruitment must be done in accordance with the Expanded Public Works Programme procedures. The labour rates and labour legislation to be in line with the prevailing construction industry rates and standards.

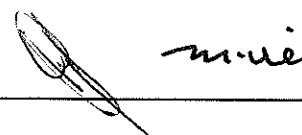
7.2 Payment cycles for contractors

7.2.1. The CDP will apply a special dispensation target regarding payment cycles, whereby contractors will be paid within 7 to 14 days, to improve the cash-flow of contractors and to reduce the need for financial support from financial institutions.

7.3 Potentially Emerging (PE) status for contractors

7.3.1. The Potentially Emerging (PE) status of contractors is a designation given to CIDB registered contractors that are 51% or more owned by a Historically Disadvantaged Individual South African (HDISA) who is trying to overcome business impediments arising from the legacy of apartheid (CIDB Act 38 of 2000).

7.3.2. A contractor with the PE status is allowed to tender for one level higher than the current/targeted grade, on condition that there is a support programme in place, i.e., financial, technical, management or as combination of the three.



7.3.3. In terms of the CIDB regulations, PE status offers the developing contractors an opportunity to access procurement opportunities at a slightly higher grading designation, thereby encouraging them to grow and testing their ability to compete at a higher grade.

no contractors at that grade available to tender/quote for such a project.

7.4 Affordable sureties / guarantees and flexible retention options

7.4.1. Siyancuma Local Municipality carries the risk for the waived sureties, acceptable workmanship and timeous delivery of any project awarded to contractors from grades 1 to 5.

7.4.2. If the contractor obtains more than two concurrent projects, he/she shall be bound by all contractual obligations and shall also carry a project retention fee calculated at between 2.5% and 10% of the project costs for acceptable workmanship and timeous delivery of projects. The cost of technical mentorship support shall be paid through deductions from the payment certificates. The applicability of this clause will be measured at the time of award for all Contracts.

7.4.3. The municipality shall reserve the rights to withdraw mentorship support if the contractor is deemed capable of doing a project themselves. This will be viewed as a successful exit from the programme.

7.4.4. Grades 1 to 3 contractors - The municipality will not apply the guarantees for Grades 1 to 3 contractors. There will also be no retention monies for Grades 1 to 3 contractors.

7.4.5. Grades 4 to 5 contractors - The municipality will introduce incremental application of sureties for Grade 4 contractors (i.e., 2.5%) and for 5% for Grade 5 contractors. There will be retention amounts for Grades 4 and 5 as per the GCC (2015) requirements.



7.5 Access to plant and equipment hire.

7.5.1. The Supply Chain Management Unit will facilitate the establishment of a Plant and Equipment Term Contract that will be used to facilitate access to affordable plant hire services for all the contractors. This will guarantee CDP contractors rates that will be consistent for a specific period of time.

7.6 Access to affordable material supplies

7.6.1. The Technical division will facilitate access to affordable materials supplies. This will allow the contractors to make use of specific suppliers who would have been included in the materials supply term contracts of the municipality for a specific period. This could also reduce incidents of abuse of contractors by suppliers when it comes to pricing of certain road construction materials.

8 ROLES AND RESPONSIBILITIES

8.1 Accounting Officer

The Accounting Officer has the following responsibilities:

8.1.1. to ensure that the programme is in line with the municipal and government's strategic priorities.

8.2 Senior Manager: Technical Services

The Senior Manager: Technical Services has the following responsibilities:

8.2.1. to provide the strategic direction and assessment of the programme;

8.2.2. monitor and evaluate the programme performance when necessary.

8.3 Supply Chain Management Office

SCM office has the following responsibilities:

8.3.1. Registration of projects with the CIDB;

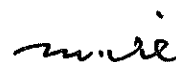


- 8.3.2. Updating of CIDB register of projects (i-tender);
- 8.3.3. Ensure effective and efficient project outputs in line with development targets as per CDP Projects Plans;
- 8.3.4. Convene and coordinate site inspections and provide contract management support;
- 8.3.5. Pilot infrastructure projects aimed at facilitating development initiatives; identify a percentage of projects for the purposes of empowerment and skills development;
- 8.3.6. Identify the projects, nominated subcontractors and budgets;
- 8.3.7. Develop business plan estimates;
- 8.3.8. Approval of tender estimates for tenders;
- 8.3.9. Planning and advertising of tenders;
- 8.3.10. Receiving payment for tender documents;
- 8.3.11. conducting site clarification meetings;
- 8.3.12. preparation of tender evaluation reports for tenders;
- 8.3.13. signing of the tender evaluation reports;
- 8.3.14. ensuring that the turn-around times for payment of contractors is adhered to, to mitigate the risk areas that may jeopardise the procurement processes; and
- 8.3.15. oversee the procurement processes for all contractors and nominated subcontractors.

8.4 Corporate Services Division

The Corporate Services Division has the following responsibilities:

- 8.4.1. Guide TIRS on transformation targets and issues;
- 8.4.2. Coordinate CDP framework development and reviews;
- 8.4.3. Develop and coordinate the technical and capacity support programmes;
- 8.4.4. Establish and capacitate Emerging Contractors
- 8.4.5. Develop mentorship programmes,
- 8.4.6. Capacitate municipal staff on contractor development and relevant legislative prescripts;



- 8.4.7. Provide information to the Accounting Officer regarding the challenges encountered to promote effective improvement measures and sustainability of the CDP;
- 8.4.8. Manage and monitor the information of the contractors in the Information Management System;
- 8.4.9. Profile and provide assessments on recommended contractors for CIDB upgrading purposes;
- 8.4.10 Conduct programme dealings with the emerging contractors by utilising associations/forums as consultative arenas for construction related matters; and
- 8.4.11 To initiate MOUs with other municipalities or institutions that may have impact on the development programme in respect of available economic empowerment opportunities.

8.5 Supply Chain Management Unit

The Supply Chain Management Unit has the following responsibilities:

- 8.5.1. Review of standard tender documents and forms to meet CDP requirements;
- 8.5.2. Preparation of the Expression of Interest (EOI) documents for the programme;
- 8.5.3. Preparation of the materials and plant hire panels for the programme (to avoid ceding of contracts by CDP Contractors)
- 8.5.4. Prepare simplified quotations and tender documents for Grade 1 contractors;
- 8.5.5. Application of preferences and the targeted procurement approach for the CDP.

8.6 Contractors

The contractors are responsible for:

- 8.6.1. Registering with the CIDB and complying with its legislations and provisions;
- 8.6.2. Complying with CDP guidelines;

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- 8.6.3. Availing themselves for capacity building and mentorship programmes arranged by the municipality or fraternal institutions;
- 8.6.4. Meeting all institution contractual obligations; and
- 8.6.5. Accepting all requirements for profile assessments, reviews and shall be bound by the outcomes of such.

8.7 Programme Management Team (PMT)

The Programme Management Team will also be responsible for the following:

- 8.7.1. Assisting in the identification and selection of contractors;
- 8.7.2. Manage the performance of all the stakeholders in the programme.

9 CONCLUSION

It is expected that the procurement strategy will enable the institution to achieve its stated objectives of the Programme. The manner in which the procurement is handled must also be compliant with the various procurement prescripts and also meet the constitutional pillars of procurement, namely:

Openness, Fairness, Cost Effectiveness, Transparency and also Equity.



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TEMPLATE 2

**Contractor Development
Programme (CDP) Selection Strategy**

SIYANCUMA LOCAL MUNICIPALITY

(DATE)

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1. PURPOSE

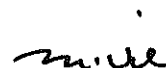
- 1.1. The purpose of this document is to outline the selection criteria for contractors interested in being part of the Contractor Development Programme (CDP).

2. BACKGROUND

- 2.1. From the review of the CDP, it became clear that the sustainability of the programme is partly dependent on the number of contractors in the programme in relation to the available procurement opportunities. This implied that the introduction of new clear and objective selection criteria will contribute to a reduced number of emerging contractors that will be sustainable.

3. ACRONYMS

- 3.1. **BBBEE** means Broad Based Black Economic Empowerment
- 3.2. **CDP** means Contractor Development Programme
- 3.3. **CE** means Civil Engineering Class of Works
- 3.4. **CETA** means Construction Education Training Authority
- 3.5. **CIDB** means Construction Industry Development Board
- 3.6. **CIPC** means Companies and Intellectual Property Commission
- 3.7. **CPGs** means Contract Participation Goals
- 3.8. **EOI** means Expression of Interest
- 3.9. **PIP** means Programme Implementation Plan
- 3.10. **CSD** means Centralised Supplier Database
- 3.11. **NQF** means National Qualifications Framework
- 3.12. **ROC** means Register of Contractors
- 3.13. **RPL** means Recognised Prior Learning



- 3.14. **SARS** means South African Revenue Services
- 3.15. **SB** means Specialist class of works
- 3.16. **SOE** means State Owned Entity
- 3.17. **CDP** means Contractor Development Programme

4. SELECTION PROCESS

4.1. Background to selection processes

The CDP selection criteria must meet the principles of fairness, transparency, openness, competitiveness, and equity.

Siyancuma Local Municipality selection criteria seek to:

- 4.1.1. Satisfy legislative requirements of Section 217(1) of the Constitution, which states that when an organ of State in the national, provincial or local sphere of government, or any other institution identified in national legislation, contracts for goods or services, it must do so in accordance with a system which is fair, equitable, transparent, competitive and cost-effective; and Section 217(2) which states; Subsection (1) does not prevent the organs of state or institutions referred to in that subsection from implementing a procurement policy providing for—
- a) Categories of preference in the allocation of contracts; and
 - b) The protection or advancement of persons, or categories of persons, disadvantaged by unfair discrimination.
- and Section 217(3) which state;
- National legislation must prescribe a framework within which the policy referred to in subsection (2) must be implemented.
- 4.1.2. Target emerging contractors; promote local content through prioritising contractors within the targeted geographic jurisdiction where projects are located; and



4.1.3. Ensure achievement of transformation objectives, government objective of transforming the South African economy through equal opportunities for all and the advancement of historically disadvantaged individuals and small, medium and microenterprises (SMMEs).

The selection process will involve the following processes and activities, including, but not limited to the following:

4.2. Expression of Interest (EOI)

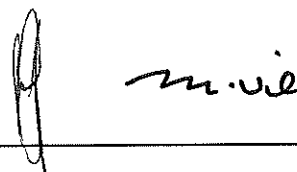
(Client name) will develop and issue an EOI, inviting contractors to submit application forms to be considered for selection to participate in the programme.

4.3. Evaluation of EOI information supplied by applicants

(Client name) will review of all the submitted application forms in accordance with the stipulated criteria. (Stage 1)

Criteria for stage 1

- All the contractors to be considered must be active in the CIDB Register of Contractors (ROC), with the relevant grading designation and class of works. The targeted grading is Grades 1 to 7 in the relevant class of works.
- The minimum educational qualification must be Grade 12 or equivalent qualification.
- The contractor must be registered with the National Treasury Centralised Supplier Database (CSD).
- Valid tax clearance certificate from SARS
- Jurisdiction based on locality which is the Northern Cape Province.



- Targeted enterprises: who are owned by:
 - o Black people;
 - o Black people who are youth;
 - o Black people who are women;
 - o Black people with disabilities;
 - o Black people living in rural or underdeveloped areas or townships;
 - o Black people who are military veterans.

Criteria for stage 2

4.4. Short-listing based on the EOI compliance for the CDP

Siyancuma Local Municipality will shortlist applicants in accordance with the minimum criteria set for the programme, to undertake written test on literacy, numeracy, basic industry knowledge and achieve a minimum qualifying threshold. (Stage 2)

Criteria for stage 3

4.5. Interviews of potential CDP Candidates

Siyancuma Local Municipality will subject all the candidates to interviews with a view to understanding the expectations of the applicants to the programme. This will assist in ensuring that the wrong candidates are not enrolled in the programme. (client name) to determine the Interview Panel. ((stage 3))

4.6. Final Shortlist of CDP Candidates

The results of the interviews will enable the (client name) to develop the final shortlist.

4.7. List of successful CDP candidates

The final shortlist will constitute the list of contractors that will be in the CDP database. The database protocol will be developed by Siyancuma Local Municipality to ensure the integrity of the information in the database. The management of the Database must be thoroughly trained to understand and carry out their duties in a manner that is in line with the audit requirements of Siyancuma Local Municipality.



4.8. Sign-off by the Accounting Officer.

The Accounting Officer will sign-off the final list of all successful CDP candidates.

4.9. Informing the selected/successful contractors.

4.9.1 Siyancuma Local Municipality will officially inform the successful emerging contractors.

4.9.2 Successful emerging contractors will be required to sign acceptance letters into the programme to ensure that they commit to the obligations of the CDP.

4.9.3 Successful emerging contractors will also be required to sign CDP participation agreements (that will be developed by the Directorate: Empowerment Programmes).

5 Conditions for participation in the programme/rules of the game.

- The contractors must be willing to participate in the programme on a full-time basis, for them to make success of the CDP interventions. The candidates must be willing to enter a CDP contract and training interventions towards the NQF qualifications.
- Individuals who are found to be fronting for other emerging contractors will be disqualified from participating in this programme. The CDP will only focus on the individuals who are registered as shareholders to the company.

5. EVALUATION METHOD

The set qualification criteria must be clearly stated in the EOI documentation. The chosen method of evaluation of submissions and distribution of points will be as per table 1 below.

Table 1: Evaluation method

Assessment Steps	Distribution of Points (<i>Weighting Factor</i>)
1- Administrative Requirements	Pass / Fail
Compliance with the selection criteria	20%
2- Test	60%
3- Interviews	20%
Total =100%	100%

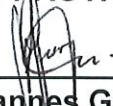
6. POLICY REVIEW

The policy should be reviewed annually, and amendments recommended to Council for approval.

7. COUNCIL RESOLUTION NUMBER: 21/05/2025/10.1.3.6

This policy must be adopted by council and the adoption thereof should be reflected in council minutes

8. APPROVAL

 Date: 21 / 05 / 2025
Johannes George
Speaker

 Date: 21 / 05 / 2025
Madoda Vilakazi
Municipal Manager