

COMMISSION: EXIT STRATEGY

What is exit strategy

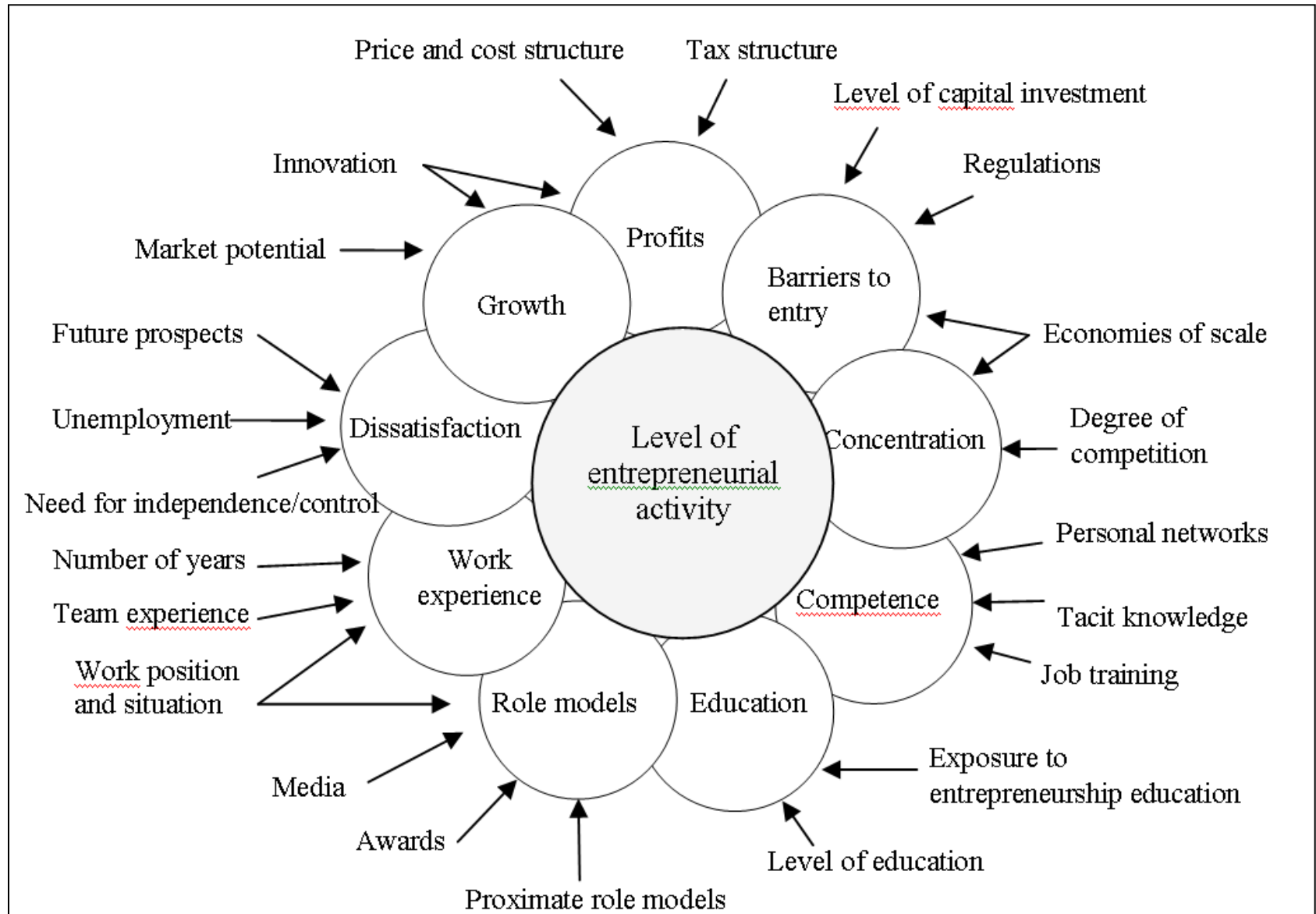
Exit strategy is the support provided to contractors when they exit a CDP - “Post-development support”

Acknowledged the interdependency between the support provided and the post-development support

RATIONALE/PROBLEM STATEMENT

- **No common exit strategies and thus no coherent agenda**
- **Lack of sustainability**
- **Absence of exit strategies upon exit in the CDP programmes**
- **No clear record of contractors in CDP programmes and the support that was provided**
- **CDP's not fully implemented**
- **CDP's not properly planned**
- **Dependency syndrome from contractors**
- **In appropriate targeting – Target contractors who have the potential to be develop**
- **Mismatch between supply and demand**
- **Efficacy/Motivation of the contractors**
- **Questionable assumptions**

Factors influencing level of entrepreneurial activity



Source: Lundstrom and Stevenson, 2005 p 208

EXIT STRATEGIES

- **Joint Ventures**
- **Cooperatives**
- **Subcontracting**
- **CDPs (linkage between programmes)**

RECOMMENDATIONS

- **Exit strategy to be part of the planning phase**
- **Cidb RoC to highlight contractors who are in the development programmes**
- **Categorize Grade 1 contractors in terms of speciality (class of works) and competency**
- **Continuous M & E**
- **At the planning phase of the CDP's, clear SLA between clients and contractors to define the rules of the game must be developed.**
- **Incentivise established contractors to sub-contract contractors from development programmes**
- **Assessment in place and continuous monitoring that will inform the point of exit**

RECOMMENDATIONS Cont....

- **Owners must have technical expertise and demonstrate entrepreneurial acumen**
- **One body to coordinate CDP programmes across the country/provincial**
- **Database of Provincial CDP's to be centralised**
- **Development programmes to be linked to NQF level**

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RECOMMENDATION AND PROPOSED ACTIONS

| Recommendation | Activity | Responsible | Timeframe |
|--|--|--|------------|
| ROC to highlight /reflect contractor on CDP | <ul style="list-style-type: none"> - Feasibility study - Action the recommendation - Centralised database of contractor on CDP/and those who exited | CIDB | June 2012 |
| Practitioners to submit lists of contractors on CDP | <ul style="list-style-type: none"> - Compile list of contractors on CDP (Current) | CDP (Implementers) | May2012 |
| Development programmes to be linked to a NQF | <ul style="list-style-type: none"> - Establish the NQF level for the different grading levels | CIDB to lead | March 2013 |
| Improve the planning, execution and monitoring of CDPs | <ul style="list-style-type: none"> - Target appropriately - Selection of contractors - Continuous monitoring of performance of contractors - Document the best Practice Exit Strategies (Fronting) - Agree performance indicators - Procurement to facilitate sustainable development | <p>CIDB to provide guideline.</p> <p>Implementation by all CDP</p> | |

Thank you