GUIDELINES FOR IMPLEMENTING
CONTRACTOR DEVELOPMENT PROGRAMMES
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BACKGROUND

The National Contractor Development Programme (NCDP) is a public sector led programme comprising of a partnership between the cidb, National and Provincial Public Works and other willing stakeholders and partners.

The objective of the NCDP is to increase the capacity, equity ownership, sustainability, quality and performance of cidb registered contractors – effectively raising the contribution of the construction industry to South Africa’s accelerated and shared growth initiative.

To achieve this objective, participants within the NCDP should commit to all or some of the following developmental outcomes:

- Improve the grading status of contractors in targeted categories and grades;
- Increase the number of black women, disabled, and youth-owned companies in targeted categories;
- Create sustainable contracting enterprises by enabling continuous work through a competitive process;
- Improve the performance of contractors in terms of quality, employment practices, skills development, safety, health and the environment; and
- Improve the business management and technical skills of these contractors.
PURPOSE OF THIS DOCUMENT

The purpose of this document is to assist committed clients to design and implement appropriate Contractor Development Programmes (CDPs) through direct targeting of contractors\(^1\). The guidelines address the following aspects:

- Guidance for designing or implementing CDPs. These include:
  - Targeting of budgets, projects and contractors;
  - Evaluation of contractors when entering a programme;
  - Training and mentoring;
  - Sharing the cost of contractor development;
  - Risk and cost sharing in contracts;
  - Payment dispute resolution;
  - Exiting from the programme; and
  - Monitoring and evaluating the programme.

These guidelines are generally for government clients that intend establishing a CDP using direct procurement as a means of engaging contractors. It is applicable to Grade 2 to 6 contractors with a track record and excludes newly established contracting enterprises, but certain principles can be applied to other grades where clients deem it appropriate.

The guidelines only apply in detail to contractors in the General Building or Civil Engineering Classes of Works, but the principles can be applied to other Classes of Works.

\(^1\) For a discussion of “direct” and “indirect” targeting mechanisms, see “Targeting for Contractor Development Programmes; Background”, Construction Industry Development Board (2010), available on the cidb website
WHAT IS A SUCCESSFUL CONTRACTOR DEVELOPMENT PROGRAMME?

A CDP should be a well-planned operation that aims to exit and graduate contractors from the programme with measurable improvements (e.g. NQF level or improvement in contractor grading) and involves commitment of financial and human resources by both the client and the contractor. Clients that commit to contractor development must use an appropriate portion of their procurement of infrastructure budget to support the objectives of the NCDP.

The table below summarises the key requirements for a successful CDP:

<table>
<thead>
<tr>
<th>Item</th>
<th>Requirements</th>
<th>Tick If Completed</th>
</tr>
</thead>
<tbody>
<tr>
<td>Programme Strategy</td>
<td>A well designed and funded programme strategy aligned with the needs of the client</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Projects specifically selected for their characteristics that support the contractor development requirements and ensure sustainable development opportunities</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Committed clients that use an appropriate portion of their procurement of infrastructure budget to support the objectives of the NCDP</td>
<td></td>
</tr>
<tr>
<td>Contractor / Participants</td>
<td>Contractor selection must be based on predetermined criteria, aligned to envisaged development outcomes</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Selection must be transparent based on the criteria for selection as identified above</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Contractors must be assessed against predetermined criteria</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Measure improvement against predetermined criteria on a regular basis and at exit</td>
<td></td>
</tr>
<tr>
<td>Client Capacity</td>
<td>Sufficient capacity for the management of the CDP</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Appropriate monitoring, evaluation and quality control measures</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Management of stakeholder expectations</td>
<td></td>
</tr>
<tr>
<td></td>
<td>An in-depth understanding of relevant procurement methods</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Appropriate training programmes that lead to relevant NQF qualifications</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Business mentorship by experienced mentors</td>
<td></td>
</tr>
</tbody>
</table>
**IMPLEMENTING CONTRACTOR DEVELOPMENT**

The purpose of this section is to guide clients through the key elements of implementing a contractor development programme. The key steps a client must follow to implement a CDP are listed in the table below and discussed in subsequent sections.

<table>
<thead>
<tr>
<th>Item</th>
<th>Description</th>
<th>Tick If Completed</th>
</tr>
</thead>
<tbody>
<tr>
<td>Needs, Programme Goals &amp; Strategy</td>
<td>Assess and determine the need for contractor development</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Set measurable long-term programme goals and objectives for each of the years (duration) of the programme</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Determine contractor development outcomes for the programme</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Assign a programme implementation timeline</td>
<td></td>
</tr>
<tr>
<td>Getting Started</td>
<td>Establish a Contractor Development Steering Committee</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Identify required role players to support the implementation of contractor development, e.g. financial institutions, mentors, training institutions, etc.</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Conduct role player consultation sessions</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Prepare a programme business case providing:</td>
<td></td>
</tr>
<tr>
<td></td>
<td>• Programme goals and description</td>
<td></td>
</tr>
<tr>
<td></td>
<td>• Scope of programme and interventions</td>
<td></td>
</tr>
<tr>
<td></td>
<td>• Contractor, organisational and institutional arrangements</td>
<td></td>
</tr>
<tr>
<td></td>
<td>• Resources and budget to support the programme and attain desired results</td>
<td></td>
</tr>
<tr>
<td></td>
<td>• Programme implementation timescale</td>
<td></td>
</tr>
<tr>
<td></td>
<td>• Measurable outcomes</td>
<td></td>
</tr>
<tr>
<td></td>
<td>• Programme operations monitoring and evaluation mechanisms</td>
<td></td>
</tr>
<tr>
<td>Resource Planning</td>
<td>Select appropriate organogram for contractor development</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Determine manager, supervisors, and other staff roles and expected tasks in the programme</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Determine mentor roles and expected tasks in the programme</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Define resources and budget needed to support the programme</td>
<td></td>
</tr>
<tr>
<td>Targeting</td>
<td>Collect portfolio of projects to be used in the targeting process</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Select projects and determine (quantify) targets for each year where possible</td>
<td></td>
</tr>
<tr>
<td>Identify Projects</td>
<td>Determine complexity of projects</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Map locality of projects and determine contractor development opportunities</td>
<td></td>
</tr>
<tr>
<td>Identify Support Initiatives</td>
<td>Determine mentoring approach</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Develop training strategy and programme</td>
<td></td>
</tr>
<tr>
<td>Contractor Assessment</td>
<td>Determine criteria for inclusion in the programme</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Invite contractors to register for contractor development</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Apply assessment model</td>
<td></td>
</tr>
</tbody>
</table>
4.1. Establishing the needs, programme goals & strategy for contractor development

As in any supplier development programme, clients must consider their own needs when designing a targeting strategy for a CDP. For example, if the typical delivery problems experienced by the client are construction quality related, the client may decide to only target contractors to ensure quality improvement. If there are not enough women-owned contractors in a specific grade, the client may target women-owned contractors in a specific grade.
4.2. Getting started

As a sector, CDPs development initiative normally require significant support from the political stakeholders in the process. It is important that the key role players in a CDP are involved from the start of the process.

4.2.1. Developing a programme business case

The Programme Manager: Contractor Development must develop a programme business case that addresses the following aspects:

- Programme goals and description;
- Scope of programme and interventions;
- Contractor, organisational and institutional arrangements;
- Resources and budget to support the programme and attain desired results;
- Programme implementation timescale;
- Measurable outcomes; and
- Programme operations monitoring and evaluation mechanisms.

4.2.2. Establish a contractor development steering committee

A steering committee is an important part of the success of any CDP as this will ensure buy-in and improved communication. The purpose of the steering committee is to direct initiatives that do not fall directly under the management of the Programme Manager: Contractor Development. Examples of this would include supply chain management arrangements and payments and contract conditions. The steering committee must approve the business case for contractor development.

4.2.3. Identify required role players and establish stakeholder forum

Appropriate consultation with key role players will ensure that there is a common understanding of the CDP and it will significantly increase the chances of success. Although specific key role players must be identified by the client, the following participants are recommended:

- The contractor development steering committee members;
- The local Construction Contact Centre (CCC) manager;
- Other clients that may want to participate in CDPs;
- Construction sector representative; and
- Training authorities and training institutions.

4.3. Staff resource planning

As contractor development is an initiative of the client, the client must ensure appropriate resourcing of the contractor development initiative. The structure should incorporate a unit which is focused on contractor development, with the following functions:

- Planning contractor development interventions;
- Coordinating contractor training during the programme;
- Coordinating mentoring activities;
- Procurement specialisation specifically focusing on sourcing strategies that will promote contractor development;
- Stakeholder management and communication of contractor development activities, including coordination with financial institutions; and
- Monitoring and evaluation.
4.4. Targeting

Targeting of specific contractors forms an integral part of the design of a CDP. An ill-conceived CDP will not support the objectives of either the client or the contractors. It is important that the interrelationship between the targeted groups, the needs of the contractors, the supply-side support initiatives and the projects identified for contractor development are aligned. Targeting should be read in conjunction with the Targeting for Contractor Development Programmes: Guidelines available on the cidb website.

4.4.1. Target groups

CDPs should apply the following guidelines in identifying target groups:

i) Ownership: CDPs should target the development of black, women, disabled, and youth-owned companies. Specifically, CDPs should target the development of companies in those Classes of Works (CoWs) and Grades where imbalances in such ownership exist.

ii) Supply and Demand: CDPs should target the development of new contracting capacity only where demonstrable shortages exist that are aligned with the service delivery objectives of the client.

iii) Performance Improvement (or competence development): CDPs should target to improving the performance of contractors – in particular in those areas which are aligned with the service delivery objectives of the client.

iv) Local Economic Objectives: Where feasible, targeting of contractors should reflect local economic objectives.

4.4.2. Identification of projects

Clients should identify the projects for contractor development based on the cidb grade of contractors targeted. Project identification should consider project complexity and locality, and must be matched with the capability of the contractor.

4.5. Identifying support initiatives

The most critical element in any CDP is the support initiatives provided or arranged by clients which includes mentoring, technical skills development, business and financial management training, access to finance or a combination of the above.

- **Training:** This initiative requires the client to organise training with an accredited institution. The training should be aligned with the Requirements and Guidelines for cidb Contractor Competence Accreditation which is available from the cidb, which are deemed to be minimum standards necessary for running a contracting enterprise and for supervising building and construction works within the fields of:
  - Business management;
  - Building and construction works management (operational and supervision); and
  - Legislative issues.

- **Mentoring:** A contractor’s mentorship needs are to be identified and an appropriate mentorship intervention should be developed. Mentorship should revolve primarily around the contractor’s business management skills and knowledge, such as tendering and marketing. Mentors must be registered as mentors with the Council of Project and Construction Management Professionals.
4.6. Contractor Assessment

The purpose of the assessment is to select contractors that meet the entry level requirements in line with the focus of the CDP and to determine their developmental needs. All contractors applying for development must be registered in the cidb Register of Contractors.

4.6.1. Criteria for access

Clients should apply the following criteria to determine which contractors get access to contractor development programmes:

- Competence
- Financial upgrading; and
- Socio-economic goals

4.6.2. Competence

The contractor must be assessed to determine their level of competence, as outlined in the Requirements and Guidelines for cidb Contractor Competence Accreditation. The competence assessment can be done in terms of formal qualifications and experience requirements, or in terms of the requirements for an external competence assessment undertaken by a cidb recognised external Competence Assessment Panel. The diagram below outlines the required competencies per grade and class of works.

<table>
<thead>
<tr>
<th>Category</th>
<th>Grade</th>
<th>NQF Level</th>
<th>Minimum Qualifications for building and construction management and for building and construction technology</th>
<th>Minimum Experience</th>
</tr>
</thead>
<tbody>
<tr>
<td>GB: General Building</td>
<td>5 &amp; 6</td>
<td>5</td>
<td>• Diploma or National Certificate; or • CETA accredited RPL Certificate</td>
<td>5 years</td>
</tr>
<tr>
<td>CE: Civil Engineering</td>
<td>2 to 4</td>
<td>4</td>
<td>• National Certificate; or • Industry recognised CETA accredited training programme</td>
<td>3 years</td>
</tr>
<tr>
<td>TC: Trade Contractor/Artisans</td>
<td>1 to 50</td>
<td>3 to 5</td>
<td>• National Certificate; • CETA accredited RPL Certificate; or • Registration with relevant trade association</td>
<td>3 years</td>
</tr>
</tbody>
</table>
Once the contractors’ competence has been determined, contractors should be rated as indicated in the table below for assessing their suitability for enrolment into the CDP. The competence assessment will then also be used for evaluating the mentoring and training requirements of contractors that are enrolled within a CDP.

<table>
<thead>
<tr>
<th>Description</th>
<th>Rating</th>
</tr>
</thead>
<tbody>
<tr>
<td>Contractor possessing the required qualifications and minimum experience</td>
<td>2</td>
</tr>
<tr>
<td>Contractor possessing the minimum experience but without the required qualification.</td>
<td>1</td>
</tr>
<tr>
<td>Contractor possessing the required qualification but without the minimum experience</td>
<td>0</td>
</tr>
<tr>
<td>Contractor without the required qualification and experience</td>
<td>-1</td>
</tr>
</tbody>
</table>

### 4.6.2.1 Determining Competence Rating

The rating must be conducted based on the following principle for a Grade 5 or 6 General Building/Civil Engineer Contractor:

- A Contractor possessing an NQF 5 Qualification or above (Diploma or National Certificate or a CETA accredited RPL Certificate) in building and construction management; and building and construction technology; with 5 or more year’s experience, must score a (2);
- A contractor possessing an NQF 4 Qualification and less on the specified areas, with 5 years’ or more experience must score a (1);
- A contractor possessing an NQF 5 Qualification or above on the specified areas, with 4 years’ or less experience, must score a (0); and
- A contractor possessing an NQF 4 or less Qualification on the specified areas, with 4 year’s or less experience, must score a (-1).

This principle must be applied to other classes of works and grades, based on the requirements outlined by the *Requirement and Guidelines for cidb Contractor Competence Accreditation*.

### 4.6.3. Financial upgrading factor

The contractor must be assessed to determine a financial upgrading factor and to measure how close the contractor is to upgrading to the next grade designation.

The financial upgrading factor is determined in line with the requirements of the cidb Register of Contractors based on the following:

- best annual turnover;
- largest contract; and
- available capital as indicated in the table on the following page (based on the current cidb requirements).
<table>
<thead>
<tr>
<th>Grade</th>
<th>Upper limit of tender value range</th>
<th>Best annual turnover</th>
<th>Largest contract</th>
<th>Available capital</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Turnover</td>
<td>Rating</td>
<td>Value</td>
<td>Rating</td>
</tr>
<tr>
<td>2</td>
<td>R 650 000</td>
<td>2</td>
<td>R 500 000</td>
<td>2</td>
</tr>
<tr>
<td></td>
<td>R 750 000</td>
<td>1</td>
<td>R 383 333</td>
<td>1</td>
</tr>
<tr>
<td></td>
<td>R 500 000</td>
<td>0</td>
<td>R 266 666</td>
<td>0</td>
</tr>
<tr>
<td></td>
<td>R 250 000</td>
<td>-1</td>
<td>R 150 000</td>
<td>-1</td>
</tr>
<tr>
<td>3</td>
<td>R 2 000 000</td>
<td>2</td>
<td>R 1 000 000</td>
<td>2</td>
</tr>
<tr>
<td></td>
<td>R 1 666 666</td>
<td>1</td>
<td>R 833 333</td>
<td>1</td>
</tr>
<tr>
<td></td>
<td>R 1 333 333</td>
<td>0</td>
<td>R 666 666</td>
<td>0</td>
</tr>
<tr>
<td></td>
<td>R 1 000 000</td>
<td>-1</td>
<td>R 500 000</td>
<td>-1</td>
</tr>
<tr>
<td>4</td>
<td>R 4 000 000</td>
<td>2</td>
<td>R 1 600 000</td>
<td>2</td>
</tr>
<tr>
<td></td>
<td>R 2 833 333</td>
<td>1</td>
<td>R 1 400 000</td>
<td>1</td>
</tr>
<tr>
<td></td>
<td>R 2 416 666</td>
<td>0</td>
<td>R 1 200 000</td>
<td>0</td>
</tr>
<tr>
<td></td>
<td>R 2 000 000</td>
<td>-1</td>
<td>R 1 000 000</td>
<td>-1</td>
</tr>
<tr>
<td>5</td>
<td>R 6 500 000</td>
<td>2</td>
<td>R 3 250 000</td>
<td>2</td>
</tr>
<tr>
<td></td>
<td>R 6 283 333</td>
<td>1</td>
<td>R 2 700 000</td>
<td>1</td>
</tr>
<tr>
<td></td>
<td>R 4 766 666</td>
<td>0</td>
<td>R 2 150 000</td>
<td>0</td>
</tr>
<tr>
<td></td>
<td>R 3 250 000</td>
<td>-1</td>
<td>R 1 600 000</td>
<td>-1</td>
</tr>
<tr>
<td>6</td>
<td>R 13 000 000</td>
<td>2</td>
<td>R 10 000 000</td>
<td>2</td>
</tr>
<tr>
<td></td>
<td>R 18 600 000</td>
<td>1</td>
<td>R 7 500 000</td>
<td>1</td>
</tr>
<tr>
<td></td>
<td>R 13 200 000</td>
<td>0</td>
<td>R 5 500 000</td>
<td>0</td>
</tr>
<tr>
<td></td>
<td>R 7 800 000</td>
<td>-1</td>
<td>R 3 250 000</td>
<td>-1</td>
</tr>
</tbody>
</table>

Once the rate for each area has been determined, the client should allocate an overall financial upgrading factor rating using the following formula:

\[
\frac{\text{Best annual turnover} + \text{largest contract} + \text{available capital}}{3} = \text{Overall financial upgrading factor rating}
\]
4.6.4. Contractor Rating

The financial upgrading factor rating can be cross referenced against the contractor’s competence rating to identify the contractors which are close to upgrading to the next grade designation but require assistance on competency. A score of 20, 40, 60 or 80 out of a maximum of 80 is then given to contractors that fall within the highlighted areas as shown in the following table.

**Determining Contractor Rating for Grade 2 - 6 Contractors**

<table>
<thead>
<tr>
<th>Grade 2 – 8</th>
<th>Competence Rating</th>
</tr>
</thead>
<tbody>
<tr>
<td>Financial Upgrading Rating</td>
<td>-1</td>
</tr>
<tr>
<td>No qualifications or Experience</td>
<td>0</td>
</tr>
<tr>
<td>Qualifications &amp; No Experience</td>
<td>0</td>
</tr>
<tr>
<td>Experience &amp; No Qualification</td>
<td>0</td>
</tr>
<tr>
<td>Experience &amp; Qualifications</td>
<td>0</td>
</tr>
</tbody>
</table>

4.6.4.1 Contractor Prioritisation

The focus of the CDPs should be on contractors functioning within the highlighted area for further assessment on socio-economic goals. However the client may select contractors functioning outside the recommended area at their own discretion.

4.6.5. Awarding points for Socio-Economic Goals

The selection process for the contractors should give preference to enterprises with Historically Disadvantaged Individual equity ownership which have Women, Disabled and Youth ownership. Therefore contractors must be scored out of a maximum of 20 points for socio-economic goals in line with the Preferencing policy of the department. The table above depicts an example of how the socio-economic goals can be determined and scored.

| Example of how socio-economic goals can be determined |
|---------|-----------|
| Goal    | Points   |
| PE Status | 4        |
| Women    | 6        |
| Disability | 4       |
| Youth    | 6        |
| Total    | 20       |

4.6.6. Selecting contractors for development

The contractor rating (out of 80) should be added to the points awarded for socio-economic objectives (out of 20) to determine the overall score awarded to the contractor. Contractors should then be ranked from highest score to lowest score and the cut-off point is determined by the budget available. In order for a contractor to be selected for contractor development, a minimum score of 20 should be obtained for the overall score awarded.
MANAGING CONTRACTOR DEVELOPMENT

During the operational phase of a contractor development programme, a number of key processes need to be implemented. The following list contains most of the critical functions relating to contractor development which will be further discussed below:

- Implement training and mentorship;
- Sharing the cost of contractor development; and
- Facilitating dispute resolution.

5.1 Training strategy

A training strategy determines the overall training programme and logistics to conduct training. It should address the training approach, objectives and outcomes, based on the contractors training requirements (section 4.5.2), and also the process of identifying and mobilising training institutions which can provide the required training. The following logistical arrangements should be addressed:

- The number of people to be trained
- The venue and date of the training
- The training materials required
- The expected input and output of the training
- The training service provider must identify suitable training service providers to provide the training. The training should be accredited with the Construction Education and Training Authority.

The training should be provided and structured so that the contractor can meet the requirements for cidb Contractor Competence Accreditation (see Section 4.4.2). This typically involves the attainment of formal NQF level qualifications, or workplace training and experience leading to the equivalent competence.

5.2 Training attendance: sharing the cost of contractor development

It is considered good practice to require contractors to contribute to their own development. Such contribution may take many forms, for example some contractor development programmes insist that contractors attend night classes to improve their skills while delivering on the contract. Other programmes require contractors to contribute 1% of turnover towards defraying the cost of mentorship. Such commitment ensures that contractors are not just participating in the CDP to obtain work, but actually progresses towards attaining the contractor development goals.

Clients should introduce measures to ensure commitment from contractors as follows:

- A contractor should at least bear 20% of the direct cost of skills development and training courses and 100% of the indirect cost by making employees own time available to attend training courses.
- A contractor should at least contribute 20% of the direct cost of mentorship to a maximum of 1% of turnover.

Should a contractor fail to pass the training courses or needs continuous mentorship, the contribution of the contractor should increase as follows:

- A contractor bear the full direct cost of skills development and training and 100% of the indirect cost by making its employees time available to attend training courses.
- A contractor should at least contribute 40% of the direct cost of mentoring to a maximum of 2.5% of turnover.

If a contractor does not meet the requirements as stated above, the contractor should exit the programme.
5.3 Dispute resolution

Where there are established processes in respect of a particular form of contract, the Dispute Resolution Procedure for a CDP contract will be as set out in this guideline. The intention is to ensure that:

• Contractors are not disadvantaged due to lengthy dispute resolution processes; and
• Matters which are subject to disputes are separated from matters which are not.

Disputes arising in contracts awarded through the CDP should be resolved as expeditiously as possible. At all times the parties to a CDP contract should attempt to settle any claim without the need to enter into formal dispute resolution processes. However where it is not possible to resolve a claim, the dispute resolution process should be followed as set out in this guideline.

A dispute will arise where a claim by one party is rejected by the other party and attempts to resolve the matter amicably within the stipulated timeframe has failed. A claim will be considered as being rejected if the party to whom the claim is submitted, either:

• Expressly rejects the claim;
• Does not respond to the claim within the prescribed timeframe; or
• The parties fail to reach a resolution within the stipulated timeframe and there is no agreement between the parties to extend the timeframe for the purpose of resolving the claim.

Claims will not be rejected in its entirety if there is a problem with only certain aspects of it. The parties must ensure that aspects of the claim which are not rejected are settled. All disputes arising in a CDP contract will be subjected to an adjudication process. At the time of entering into the contract with the CDP contractor, the parties to the CDP contract should choose an adjudicator.

The party to a CDP contract, instituting a claim that arises out of any act or omission by another party to a CDP contract would first give notice to the other party to settle the claim within 5 days of receipt of the claim. The claim should be supported with relevant details and any documentary evidence that will allow the other party to deal with the matter adequately.

Should the claim be rejected, the parties must attempt to resolve the matter amicably within five days of the claim being rejected. Should the parties not be able to resolve the matter in the prescribed time, the party that is not satisfied with the outcome must issue a notice of dispute to the other party within two days after the expiry of the stipulated time period.

The notice of dispute should provide sufficient information and documentary evidence related to the dispute to give the other party adequate opportunity to prepare its response. The aggrieved party will simultaneously give notice to the adjudicator appointed through the adjudicator's contract as contained in any form of contract calling on the adjudicator to set the matter down for adjudication within 5 days of the dispute notice date.
EVALUATION AND EXITING OF CONTRACTORS

In order to graduate from a CDP, contractors should be re-evaluated and should meet the requirements for:

- cidb Contractor Competence Accreditation; and
- Upgrading to a higher grade designation.

Furthermore, a formal application must have been submitted to the cidb for an accreditation of the contractor’s competence and for a contractor upgrade.

Notwithstanding the requirements for graduating from a CDP, all contractors should exit contractor development after the agreed period specified in the CDP business case, whether they graduate or not. Generally this should not exceed three years, (which is the time it normally takes to acquire the competence and experience) except in the case of contractors who have shown significant progress but have not yet graduated. In these cases, the client can decide whether to provide additional support for a specified period or by extending the contractor’s period within the CDP.
MONITORING AND EVALUATION

As part of the NCDP, the cidb intends to monitor and evaluate CDPs. Clients are expected to monitor their own programmes and report to the cidb on a quarterly basis. The table on the next page provides the key performance indicators per CDP which must be measured to determine the success of the CDP.

<table>
<thead>
<tr>
<th>Indicator</th>
<th>Description</th>
<th>Frequency</th>
</tr>
</thead>
<tbody>
<tr>
<td>Budget</td>
<td>Annual budget put aside for the CDP</td>
<td>Annually</td>
</tr>
<tr>
<td>Enrolments</td>
<td>Number of contractors enrolled</td>
<td>Quarterly</td>
</tr>
<tr>
<td>Project awards</td>
<td>Number of tender awards within CDP</td>
<td>Quarterly</td>
</tr>
<tr>
<td></td>
<td>Value of tender awards within CDP</td>
<td>Quarterly</td>
</tr>
<tr>
<td>Mentoring &amp; training</td>
<td>Total number of mentors appointed</td>
<td>Quarterly</td>
</tr>
<tr>
<td></td>
<td>Approximate total contact time between mentors and contractors</td>
<td>Quarterly</td>
</tr>
<tr>
<td>Loans</td>
<td>Total number of loans accessed</td>
<td>Quarterly</td>
</tr>
<tr>
<td></td>
<td>Total value of loans accessed</td>
<td>Quarterly</td>
</tr>
<tr>
<td>Costs</td>
<td>Cumulative planned expenditure on CDP</td>
<td>Quarterly</td>
</tr>
<tr>
<td></td>
<td>Cumulative actual expenditure on CDP</td>
<td>Quarterly</td>
</tr>
<tr>
<td>Cost-sharing</td>
<td>Total contractor direct contributions to mentoring and training</td>
<td>Quarterly</td>
</tr>
<tr>
<td>Qualifications</td>
<td>Total number of NQF qualifications awarded</td>
<td>Annually</td>
</tr>
<tr>
<td>Upgrades</td>
<td>Number of contractors that meet the requirements improved their cidb grading</td>
<td>Annually</td>
</tr>
<tr>
<td>Graduations</td>
<td>Number of contractors graduating</td>
<td>Annually</td>
</tr>
<tr>
<td>Exits</td>
<td>Number of contractors exiting CDP (inclusive of graduations)</td>
<td>Annually</td>
</tr>
</tbody>
</table>

The table below provides the key reporting requirements to the cidb for a CDP.

<table>
<thead>
<tr>
<th>Report</th>
<th>Description</th>
<th>Frequency</th>
</tr>
</thead>
<tbody>
<tr>
<td>Enrolments</td>
<td>Name and CRS numbers of contractors enrolled</td>
<td>Annually</td>
</tr>
<tr>
<td>Graduations</td>
<td>Name and CRS Number of contractors graduating</td>
<td>Annually</td>
</tr>
<tr>
<td>Qualifications</td>
<td>Name and CRS numbers of contracting entity, together with names of individuals and the cidb recognised NQF qualifications awarded</td>
<td>Annually</td>
</tr>
<tr>
<td>Exits</td>
<td>Name and CRS numbers of contractors exiting</td>
<td>Annually</td>
</tr>
</tbody>
</table>
STANDARD OPERATING PROCEDURES (SOPs) FOR IMPLEMENTING CONTRACTOR DEVELOPMENT PROGRAMMES

ANNEXURE: STANDARD OPERATING PROCEDURES LEGENDS

Client Department

Strategic Planning Committee

Contractor

Adjudication Committee (Dispute Resolution)

Appointed Adjudicator

CDP Stakeholder
PROCEDURE FOR IMPLEMENTING CONTRACTOR DEVELOPMENT PROGRAMME

1. Identify programme role players
2. Conduct role players consultation session
3. Establish contractor development steering committee
4. Develop programme business case
5. Determine programme need, goals and strategy for contractor development
6. Select projects and determine targets
7. Collect portfolio of projects
8. Define resources and budget needed
9. Determine mentor roles and expected tasks in the programme
10. Assess contractors
11. Invite Contractors to register for contractor development
12. Determine inclusion criteria
13. Map project locality and determine contractor development opportunities
14. Establish dispute resolution process
15. Develop M&E approach
16. Conception continuous monitoring and reporting
17. Develop strategy and programme
18. Determine training approach
19. Develop existing criteria
20. Establish cost sharing principles
TARGETING PROCEDURE

1. Identify target groups for contractor development
2. Obtain project list
3. Measure project complexity per project
4. Measure project suitability in terms of locality per project
5. Measure the organisational capacity per project
6. Based on the measurement outcome, identify projects for contractor development
CONTRACTOR ASSESSMENT PROCEDURE

Contractor is not suitable for further screening

Yes

No

Determine if the contractor is registered in the register of contracts

Assess and score contractors competence based on competence requirements

Assess and score contractors financial upgrading factor

Determine contractor rating

Award points for socio-economic goals

Select contractors from high to low with the cut-off point determined by the available budget

Add contractor rating score to points awarded for socio-economic goal
COST SHARING PRINCIPLES FOR CONTRACTOR DEVELOPMENT

Contractor bears 20% of the direct cost of skills development and training courses and 100% of the indirect cost, and contributes 20% of the direct cost of mentorship to a maximum of 1% turnover.

Contractor attends support initiative.

Did the contractor pass the training courses?

No  Yes

Contractor bears full direct cost of skills development and training and 100% of the indirect cost.

Contractor bears 20% of the direct cost of skill development and training courses and 100% of the indirect cost.

Does contractor require continuous mentoring?

No  Yes

Contractor contributes 20% of the direct cost of mentorship to a maximum of 1% turnover.

Contractor contributes 40% of the direct cost of mentoring to a maximum of 2.5% of turnover.
**DISPUTE RESOLUTION PROCEDURE FOR CONTRACTOR DEVELOPMENT**

1. Award contract to CDP contractor
2. Appoint an Adjudicator for cidb’s Panel of Adjudicators
3. Submit notice to settle claim within 5 days
4. Settlement reached?
   - Yes: Continue with project
   - No: Submit notice of dispute

   - Documentary evidence to support the claim

5. Receive notice of dispute
6. Schedule meeting for adjudication of the dispute

- Documentary evidence that support dispute

- Receive notice of dispute
PROCEDURE FOR EVALUATION AND EXITING OF CONTRACTOR’S

Contractor exit COP successfully

Re-assess contractor after the defined period whether he/she complies with the graduation criteria?

Provide additional support for a defined period (preferably one year)

Decide whether contractor has shown significant progress to provide additional support within the programme?

Contractor exits contractor development programme successfully

Assess whether contractor complies with the graduation criteria at the end of contractor development term

No

Contractor exits contractor development unsuccessfully

Yes

Yes

Yes

No

No

Yes

No

No

Contractor exit COP unsuccessfully
MONITORING AND EVALUATION PROCEDURE

Develop Monitoring and Evaluation Plan with specific goals

Determine the indicators to be measured

Measure the various indicators

Obtain results for each measurement

Compare results to identified goals from the measurement conducted

Were the identified goals achieved?

Yes

The Contractor Development Programme (CDP) was successful

No

Develop a Contractor Development Improvement Plan
Notes:
Notes: