

Construction Monitor

CONTRACTOR
DEVELOPMENT

JULY 2024



CIDB CONSTRUCTION MONITOR - CONTRACTOR DEVELOPMENT; JULY 2024

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1. Introduction

The cidb *Quarterly Monitors* cover the following themes:

- Quarter 1: Supply & Demand;
- Quarter 2: Contractor Development;
- Quarter 3: Employment; and
- Quarter 4: Transformation.

This cidb *Construction Monitor – Contractor Development* covers the state of contractor development in the contracting sector focusing on data collated up to 2024Q1.

Details of *contractor* upgrades is obtained from the cidb Register of Contractors, which contains records of the gradings of contractors over the life of the Register. The assessment of contractor gradings is presented for all contractors in the Register of Contractors, as well as for contractors within public sector contractor development programmes (CDPs).

As context, contractor information is aggregated into the following categories:

	Grade	Characteristics
	9	national / international
	7 & 8	provincial / regional
	5 & 6	local / regional
	2 to 4	local
•	Grade 9 contractors; typically contractors that operate at a national and international level;	
•	Grades 7 and 8; typically contractors that operate at a regional / provincial level;	
•	Grades 5 and 6; typically contractors in transition from operating at a local to a regional / provincial level; and	
•	Grades 2 to 4; typically established and developing contractors that operate at a local level.	

2. Contractor Development

2.1 Background and Context

Contractor development can be viewed as improvements in a contractor's¹:

- grading status; and
- performance and quality of work.

Studies by the cidb have highlighted the slow pace of development from small and medium-size contractors to large contractors². This study has also highlighted that sustainable contractor development is dependent on enterprise factors which often take time to grow and develop, including financial resources, management skills, and technical capabilities. Other factors such as construction experience, as well as process maturity (business and construction processes) are also relevant for growth. As organisations grow, their processes have to be continually adapted. It should be stressed, however, that all construction companies can mature over time – even if they remain at the same grade.

The cidb study also highlighted several other factors which also influence the growth of contracting enterprises. These include:

- good individual and collective experience;
- attracting and retaining the right people and maintaining a strong workforce;
- the maintenance of high standards;
- investment in fixed assets; and
- working closely with the supply chain.

The growth of contractors measured in terms of contractor upgrades is examined in Section 3, while client perceptions as to the performance of contractors and possible changes in the performance of contractors is given in Section 4.

2.2 The National Contractor Development Programme

An important instrument in supporting contractor development and transformation within the construction sector is the National Contractor Development Programme (NCDP), which is a public sector led programme comprising of a partnership between the cidb, National and Provincial Public Works and other willing stakeholders and partners³. Key objectives of the NCDP are 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.

An assessment of contractor development within the NCDP is not included here. The cidb is however establishing mechanisms to monitor such contractor development, and aims to report on the NCDP in future editions of the cidb *Construction Monitor – Contractor Development*.

1 NCDP (2011). *NCDP Summary Framework*. Produced by Department of Public Works and the Construction Industry Development Board, September 2011, accessible at cidb.org.za.

2 cidb (2012). *The Construction Industry as a Vehicle for Contractor Development and Transformation*. Construction Industry Development Board, March 2012, accessible at cidb.org.za.

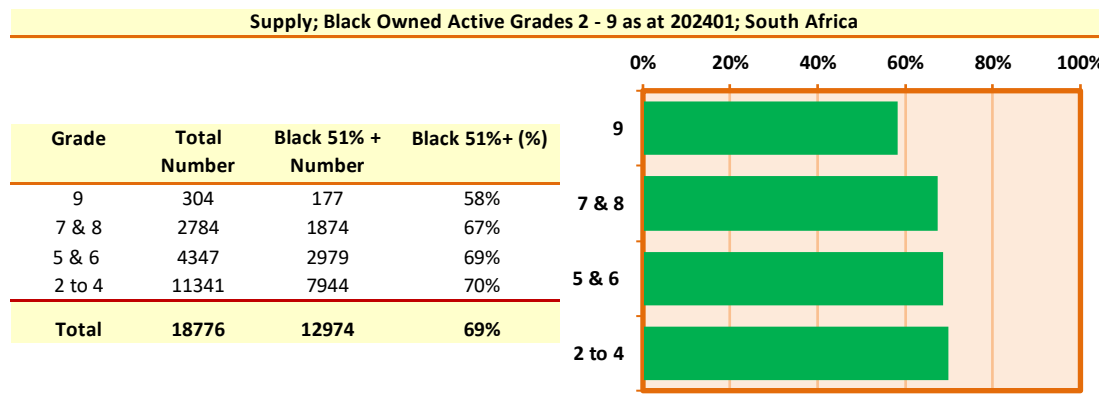
3 NCDP (2011). *NCDP Summary Framework*. Produced by Department of Public Works and the Construction Industry Development Board, September 2011, accessible at cidb.org.za.

3. Contractor Registrations

As context, an overview of the structure of the industry is given below, in terms of the absolute number of contractors and a percentage of cidb registered contractors.

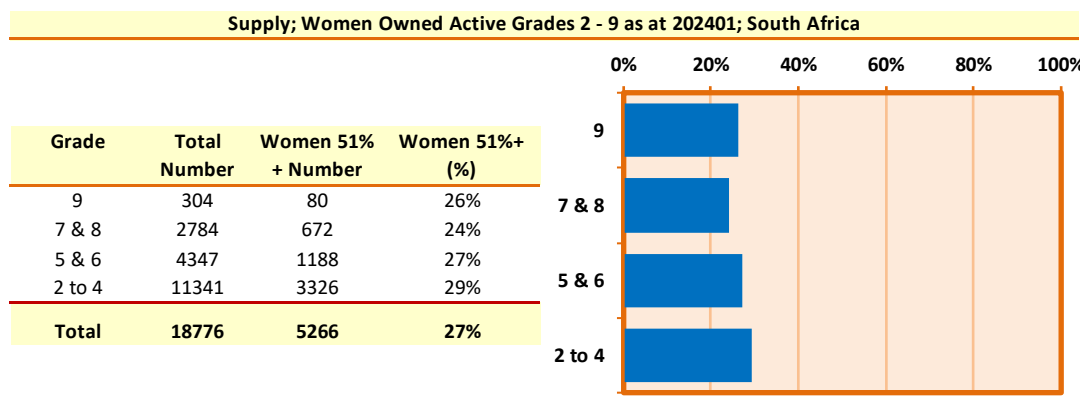
For later comparisons, the number of 51% or more black and women owned contracting enterprises in Grades 2 to 9 as at 2024Q1 is given below, namely;

3.1 Black Ownership 51%+



Grade 9 Black Ownership is around 50% and around 69% for the Grades 2 to 8 active contractors on the Register of Contractors as at 2024Q1.

3.2 Woman Ownership 51%+



On average women ownership is around 27% on Grades 2 to 9.

4. Contractor Development Programmes - CDP data has not been updated since 2023Q2

A CDP is defined within the NCDP as:

an entity that is established for the purpose of providing developmental support to contractors. Contractors who participate within CDPs receive structured developmental support which is targeted to achieve predetermined developmental objectives.

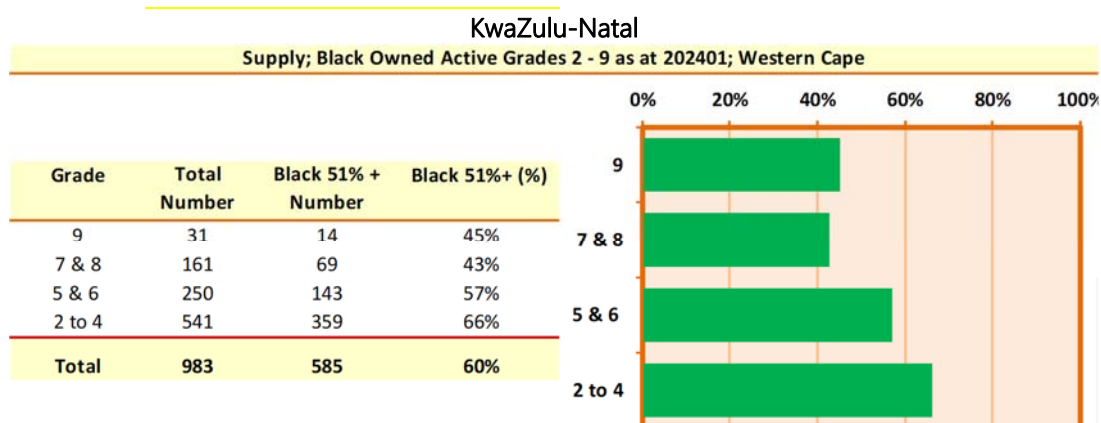
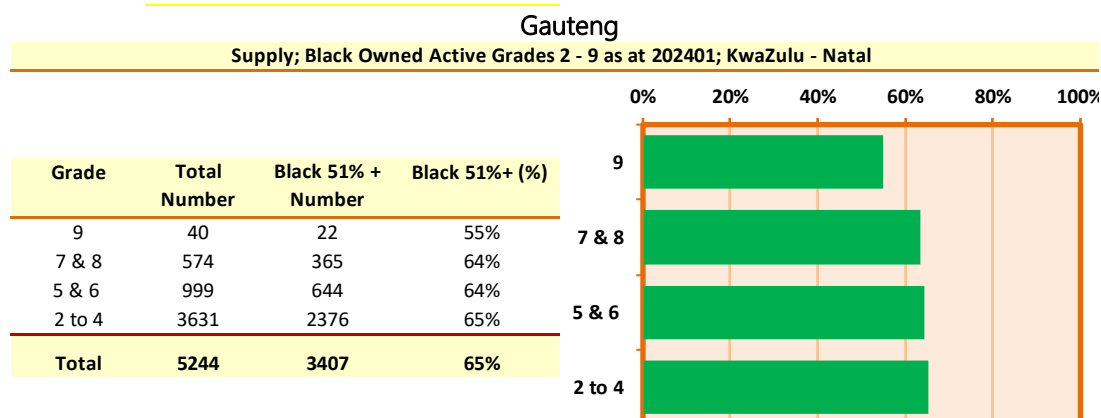
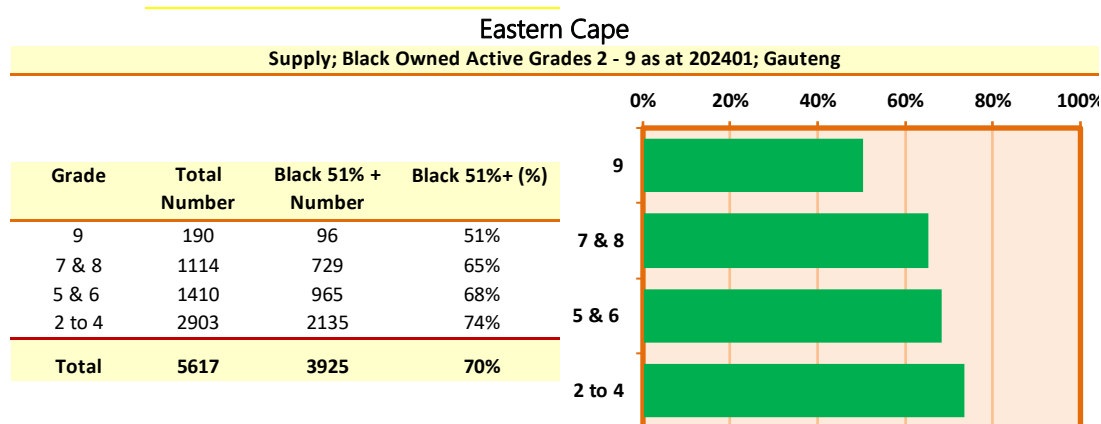
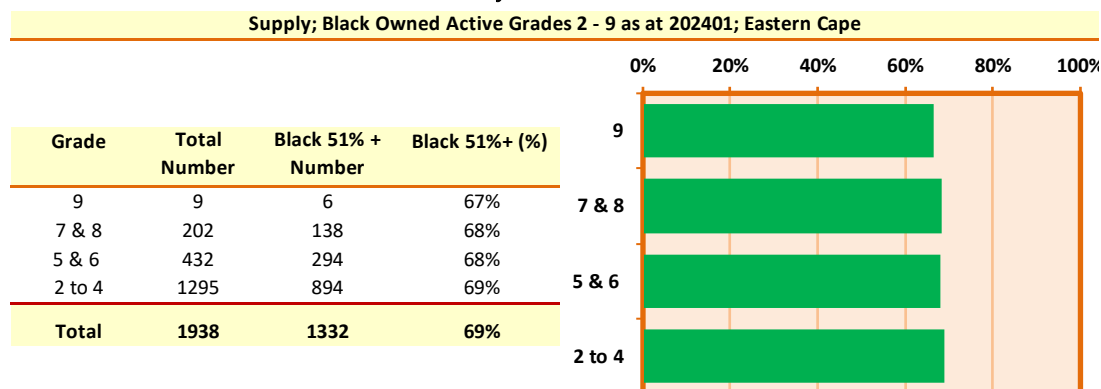
Work opportunities are typically provided through direct contracts with the developing contractors within

the CDP. Structured developmental support could be provided by the government institution that is providing the work opportunities, or could be outsourced to a developmental institution.

The Contractor Development monitor assesses and analyses the role played by the CDPs during 2023Q2 in terms of the development of contractors, as detailed in the following table, 34 CDPs are presently being assessed as part of the Contractor Development monitor:

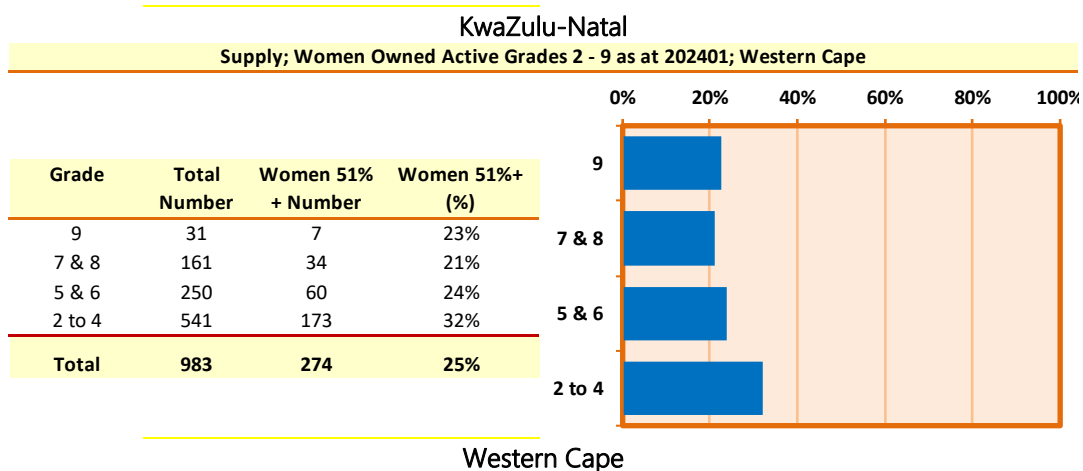
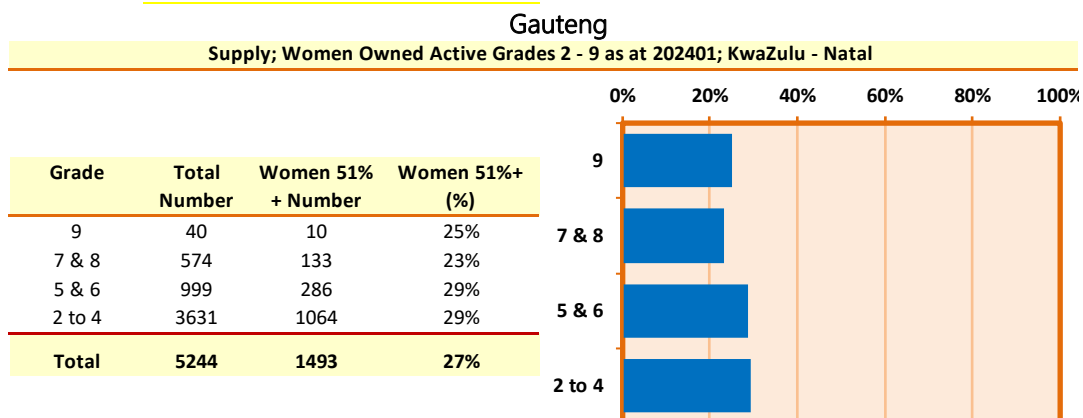
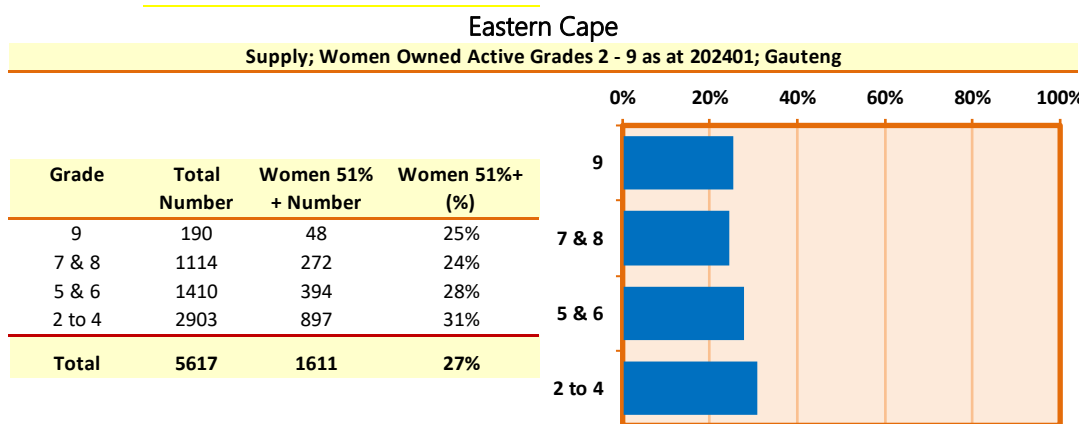
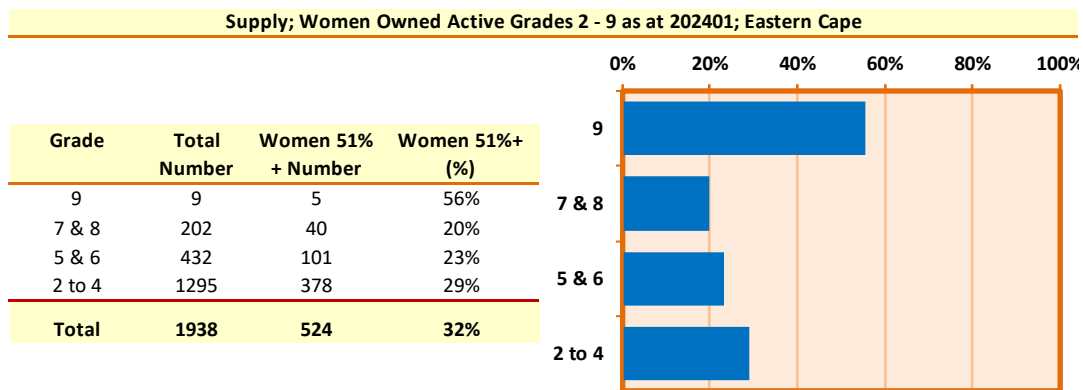
Province	CDP	Number of Contractors
Eastern Cape	· Incubator	69
	· COEGA (IDZ)	97
	· Intergrated Contractor Development Programme	202
	· Masakhesonke Contractor Development Programme	35
	· Mthatha Contractor Development Programme	33
	· NMMB Contractor Development Programme	25
Free State	· Department of Police Roads and Transport	179
	· Department of Public Works and Infrastructure	37
Gauteng	· CIP NW	12
	· IDT CIP NW	1
	· IDT Vuk'Uphile NW	14
	· LP IDT Contractor Development	25
	· Vuk'uphile Learnership NW	27
	· Vukuphile Learnership	14
	· Joburg Water (Vukuphile) CDP	17
	· LP CDP - DPWI	26
	· Polokwane Municipality CDP	15
	· LP Kulani CDP	10
	· Sihamba Sonke	1
KwaZulu-Natal	· KZN Master Builders Association (ECDP)	52
	· KZN Department of Public Works	86
	· KZN Vukuzakhe	269
	· SCI - Durban	40
Limpopo	· Limpopo Contractor Development - Steffanuti Stocks	11
	· Vuk'Uphile Contractor Development	5
	· Vuk'uphile Contractor Development Programme	35
Mpumalanga	· Sakhabakhi IV	14
Northern Cape	· Dept. of Roads and Public Works CDP GB and CE	30
North West	· Vuk'uphile Contractor Development Programme	10
	· Vuk'uphile Tlokwe City Council	64
Western Cape	· City of Cape Town Rental Stock Programme	17
	· Advance M & T Shortlist 2016	20
	· DT & PW Roads Branch CDP	55
	· Siyenyuka	12
Total		1559

Appendix 1: Provincial Data: Black Owned : Entity



Western Cape

Appendix 1: Provincial Data: Women Owned : Entity



Western Cape

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