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**UMZIMVUBU**  
LOCAL MUNICIPALITY

## UMZIMVUBU LOCAL MUNICIPAL CONTRACTOR DEVELOPMENT POLICY

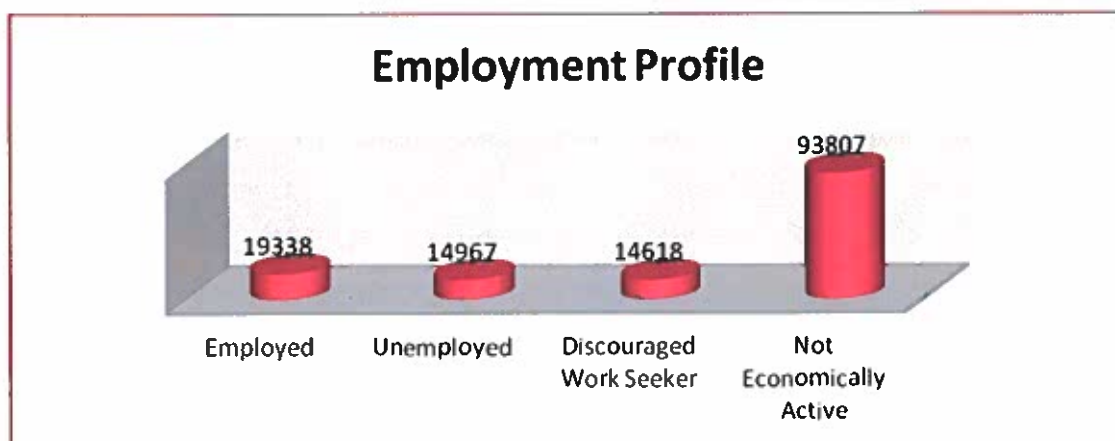


## 1. BACKGROUND:

Umzimvubu Local Municipality has an estimated population of 281 905 within an area covering 2 806 km<sup>2</sup>. Within the Alfred District, Mount Ayliff and Mount Frere has a largest population compared to other three municipalities under Alfred Nzo District Municipality, but it is the second largest in number of households. The table below demonstrates the total population, number of households and the average of households per municipality within the district.

### A. Employment Profile

Approximately 56.4% of Mbizana total population is employed and that shows an improvement in previous years in terms of creating new job opportunities. The remaining 43.6% includes unemployed and not economically active population.

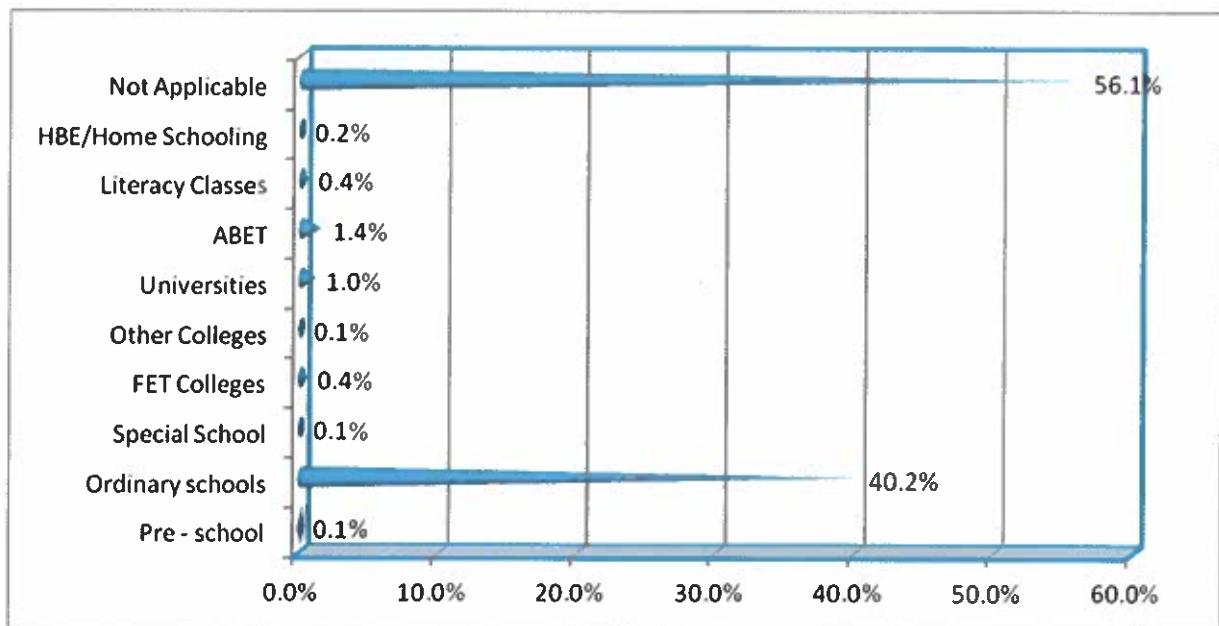


*Census statistics SA 2011*

### B. Educational Profile and Literacy Levels

Education plays a fundamental role in community development as it provides a set of basic skills for development, creativity and innovative abilities within individuals. The South African Constitution states that everyone has a right to education. Educational levels for Mount Ayliff and Mount Frere are low with less than 50% of people attending at pre-school, primary schools and secondary school level. Only few people attend post matric studies and that calls for the government to have enough resources allocated for education as a primary factor.

### C. Educational & Literacy Level

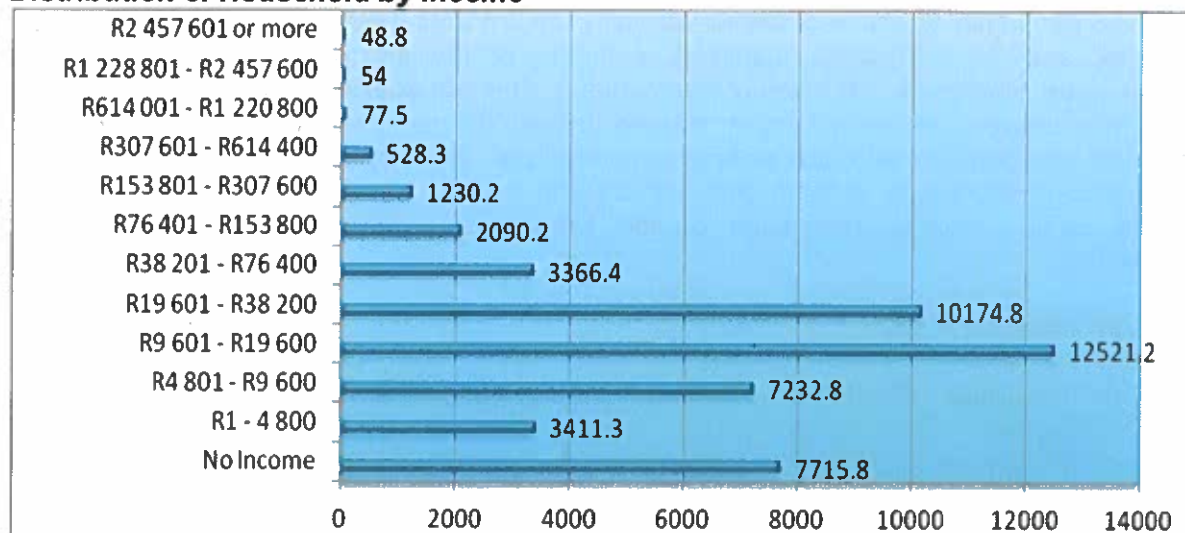


Census statistics SA 2011

### D. Distribution of Households by Income

According to Statistics South Africa Census 2011, approximately only 7715.8 (2.74%) of people have no income and that shows another improvement as compared to 2007 community survey where 76% of the total population had no income. As shown in chart below the biggest number (12521.2) which is 4, 44% of Mbizana total population is earning between R9 601 – R19 600 and the lowest number of population (48.8) which is 1.73% is earning R2 457 601 or more .

#### Distribution of Household by income



Census Statistics SA 2011

### 1.1 PROBLEM STATEMENT &: INTERVENTION

Mount Frere and Mount Ayliff is faced with a high number of contractors in various sectors (Building & Civil) who do not have expertise and as such do not upgrade beyond the entry level. This has affected the economy of the area as the Municipality and other Clients in the area would have to source the Contractors with relevant skills in other regions. The policy seek to address the challenge of importing the contractors from other regions and Provinces due to lack of relevant skills within the area.

Given the above background Umzimvubu local Municipality has a responsibility to introduce programmes that seek to address unemployment and skills development challenges as per chapter 3.1 of the National LED framework; which states that the Municipality have a key role in creating a conducive environment for investment through provision of Infrastructure and quality services, rather than attempting to create jobs directly. The chapter further mentions the involvement of the private sector in economic development initiatives and that the Municipality should play a connector role in drawing upon resources locked in different Government support instruments into their localities (e.g SEDA for skills development, DTI etc)

Hence the Municipality has prioritise the initiation of the Contractor development programme to support emerging contractors to upgrade from one level to another and further capacitate them.

## **2. CONTRACTOR DEVELOPMENT PROGRAMME (CDP)**

Contractor Development Programme is defined within the National Contractor Development Programme (NCDP) as an entity that is established for the purpose of providing developmental support to contractors.

The NCDP framework mentioned that the work opportunities are typically provided through direct contracts with the developing contractors within the CDP. Structured development support could be provided by Government institution that is providing the work opportunities.

## **3. SOCIO ECONOMIC ASPECT:**

The socio economic objective of the Municipality can be achieved through the allocation of resources and the infrastructure, delivery mandate of the institution allows for greater budgets to be allocated in fulfilment of the mandate. Through implementing the Procurement policy, the delivery of infrastructure is then utilised for empowerment of BBBEE and previously marginalised potential emerging contractors. This ensures that the Municipality will have contractors with capacity and capability to perform the magnitude of infrastructure projects, while ensuring realisation of the Enterprise development objective of the Municipality.

## **4. MAIN OBJECTIVES:**

- To Create a platform for information sharing and enablers to the construction sector.
- To Create a conducive environment for SMME's to thrive in the construction sector.
- To improve performance of local contractors and contribution to economic development of the area whilst reducing economic leakage.

### **4.1 SPECIFIC OBJECTIVES:**

- To ensure capacity development of previously disadvantaged contractors and improvement in grading levels beyond entry level (Grade 1 ) and above.
- To ensure increase of procurement from locally based contractors.
- To ensure sound , sustainable and accountable construction procurement systems within Umzimvubu while promoting entrepreneurship.

#### 5. RATIONALE :

The rationale behind the establishment of the program is to develop the capacity of the contractors and give hands on support towards the development of the Contractors.

The purpose of this policy is to ensure execution of the Contractor Development Programme through direct procurement from locally based contractors and to ensure value maximisation. The policy has taken into recognition of the following aspects:

- Recruitment from Locally based Contractors
- Training and mentoring
- Sharing the cost of contractor Development programme with other relevant partners
- Payment dispute resolution
- Targeting of budgets , projects and contractors
- Risk and cost sharing in contracts
- Evaluation of contractors when entering the programme
- Monitoring and evaluation
- Contractors exit stage

#### 6. CIDB CONTRACTOR REGISTRATION STATUS QOU

GRADE	CE	GB	EB/EP	ME
1				
2				
3				
4				
5				
6				
7				
8				

#### 7. CDP ABRIDGEMENT:

The policy will be implemented in conjunction with Supply chain management policy and other relevant pieces of legislation for effective SMME support. The programme will have to prioritise the locally based (Umzimvubu) contractors. The implementation will vary according to the class of works within the area as per CIDB statistics 2014 .

The Municipal CDP will involve the relevant stakeholders which includes private sector and public sector stakeholders (like CIDB, SEDA, SEDA Construction, Department of Public Works, Department of Human Settlements and South African National Roads Agencies) .

The Participating stakeholders will :

- Commit resources to develop emerging contractors .
- Align these CDP initiatives with the principles of the NCDP framework

The Objective of CDP is to ensure capacity development of previously disadvantaged contractors and improvement in grading levels beyond entry level (Grade 1 ) and above. For the Municipality to achieve the objectives , Contractors within the CDP will

- Increase the number of black , women, and disabled and youth owned companies in targeted categories and grades- increase the representativity of contractors in all class of works and grades.
  - Improve CIDB grading status of previously disadvantaged contractors in targeted categories and grades.
  - Improve the performance of previously disadvantaged contractors in terms of quality employment practises, skills development, safety, health and environment
  - Improve the business management and technical skills of these contractors.
- Contractors will be mentored in the programme

**The following steps will be followed:**

- Only active CIDB registered Contractors will participate in the programme
- Municipality will decide every financial year as to how many contractors will be enrolled in the programme depending on the applications.
- After each financial year period the group will graduate and the next batch of Contractors will also be recruited.
- The Municipality is obliged to provide projects equivalent to the number of recruited Contractors to ensure success of the programme.
- SEDA construction will be involved to give hands on support to these contractors working closely with the Municipality Local Economic Development section.
- SEDA will assist with the appointment of the Mentor to mentor these contractors and ensure they perform their work to their utmost ability.
- The Municipality may also bring on board other relevant stakeholders that will maximise value in the programme.
- The three Departments within the Municipality (Development planning, Engineering Services and Budget and Treasury office) have to ensure the success of the programme by provision of projects, prioritise procurement from locally based contractors and monitor them.

**7.1 CDP STEERING COMMITTEE & ITS ROLE**

The CDP steering committee should be established that will ensure execution of the programme as per the guidelines. The steering committee will facilitate engagements with key role players and establish partnerships with relevant clients to support the programme.

**7.2 STEERING COMMITTEE COMPOSITION**

- Infrastructure and Planning Manager
- LED Manager
- SCM Manager
- Assistant Manager Local Economic Development
- Contractors` Association (2 members)

CIDB GRADE	CONTRACTOR DEVELOPMENT COMPONENT	IMPLEMENTATION PERIOD
1- 2 GB/ CE	Cocontractor learnership	Phase 1
3-5 GB/ CE	Enterprise Development	Phase 2
6 – 7 GB/ CE	Performance improvement	When necessary according to needs analysis.

**7.3 PROJECT IDENTIFICATION**



Engineering Services will lead the process of project identification working collaboratively with Development planning and the projects that will be identified on the IDP with available budget for implementation. Projects should be for a period of three years aligned with the programme, identified taking into cognisance of:

- CIDB grade of contractors targeted
- Project locality
- Project aligned with capabilities of Contractors.

#### **7.4 CONTRACTOR SUPPORT**

The Municipality working closely with SEDA Construction Incubator will ensure the provision of the following support to the contractors

- Training
- Technical skills development
- Access to finance and information
- Mentoring
- And Business Management support

#### **7.5 INDIRECT STRATEGY:**

This is to assist the Contractors to reach higher levels (e.g. grade 6) during implementation of the programme, the Contractors will be supported in the following areas:

- Support initiatives from the Municipality
- Procurement plan to offer work opportunities for these contractors will be:

- I. Sub Contracting
- II. Project Exemption by the Municipality, Government Departments and other Entities
- III. JV Partnerships for tender
- IV. Government initiatives around the region approached for contributing the project.

#### **7.6 EVALUATION AND EXIT**

In order for Contractor to graduate , they should be re-evaluated and should meet the requirement for:

- The CIDB Contractor competence accreditation
- Upgrading to a higher grade designation.

#### **7.7 AMENDMENT AND/OR ABOLITION OF THIS POLICY**

This policy may be amended or repealed by Council as it may deem necessary.

Date of Approval: \_\_\_\_\_

Council resolution no.: \_\_\_\_\_

Approved by: \_\_\_\_\_

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**GPT NOTA**  
**MUNICIPAL MANAGER**

## APPROVAL OF THE POLICY

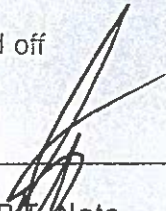
The Municipal Council has approved this policy and amendments thereof.

## AUTHENTICATION

The amendments of the policy and or the new policy was adopted by the Council on the  
29-01-2021.....

As per Council Resolution number ULMC: 359/2020/2021

Signed off



Mr. G.P.V. Nota

Municipal Manager



Cllr. N.F Ngonyolo

Speaker of the Council