

CONTRACT PARTICIPATION GOALS AND CIDB BUILD PROGRAMME IMPLEMENTATION GUIDE

1 SEPTEMBER 2023

NDPWI CONTRACT PARTICIPATION GOALS AND CIDB BUILD PROGRAMME IMPLEMENTATION GUIDE

1. PURPOSE

The purpose of this Contract Participation Goal (CPG) guideline is to provide guidance on the implementation of the CPGs which forms part of the Economic Reconstruction and Recovery Plan which also includes the cidb BUILD Programme that entails Enterprise Development and Skills Development through infrastructure and construction projects.

2. INTRODUCTION

The applicable cidb Standards establishes uniformity and standardisation of implementing CPGs and the cidb BUILD programme on construction and engineering works.

A separate CPG section for the Bill of Quantities was created to include all CPGs and the cidb BUILD programme for the following reasons (Document available @ www.publicworks.gov.za/consultantsdocs.html under Forms and Documents / Consultant's Guidelines / **Item 3 Quantity Surveyors**):

- The implementation of CPGs should not give any bidder a competitive advantage. Borderline value thresholds can be manipulated by tenderers electing to tender just below the CPG value threshold requirement thereby creating a competitive advantage in not pricing for CPG;
- Bidders can determine the project estimate cost of the project through reverse calculations;
- Provisional amounts to be provided for in the Bills of Quantities, which is adjusted once enterprises and individual beneficiaries have been identified and associated cost have been determined;
- Different methods of calculating CPG values in terms of the definition used for "Contract Amount" in the respective cidb Standards; and
- Ease of extracting CPG reports and associated costs as well as contributions in the form of one overall report and/or individual CPGs.

Targeted enterprises or beneficiaries of any CPG may not participate or form part of more than one CPG.

All CPGs are Conditions of Contract, i.e. the tender does not need to submit any proof of CPG participation at the time of tender.

Sanctions (penalties) are applicable to all CPGs where the contractor fails to achieve the minimum specified requirements, unless the contractor can prove to the Employer's satisfaction that the non-achievement was beyond his/her control. The minimum percentage sanctions currently indicated in the tender documents are recommended by the cidb and can be adjusted to be project specific. All sanctions to be fair and reasonable and exclude VAT. Note that minimum percentage sanctions applicable to the cidb BUILD Programme elements is 30%.

The minimum required specifications and pricing instructions have been included in the Scope of Works (PG01.1 for GCC Contracts or PG01.2 for JBCC Contracts) and the Pricing Assumption documents (PG02.1 for GCC Contracts or PG02.2 for JBCC Contracts) respectively.

Normative reference documents:

- SANS 10845-5:2015 ISO 10845-5:2011. Construction procurement – Part 5: Participation of targeted enterprises in contracts. South African Bureau of Standards.
- SANS 10845-8:2015 ISO 10845-8:2011. Construction procurement – Part 8: Participation of targeted labour in contracts. South African Bureau of Standards.se

Even though minimum project requirements are prescribed by the cidb, CPGs may be implemented on any project where feasible, irrespective of the cidb prescribed project value, categories and construction period.

In calculating the respective CPGs, allowances and VAT are excluded from the Tender Amount at the time of award.

Allowances include the following:

- Provisional amounts (Contractor and Consultants)
- CPG allowances (Contractor and Consultants)
- Nominated and/or selected subcontractors (Contractor)
- Other expenses included in consultant pricing activity schedule (Consultants)
- Contract price adjustment (Not provided for within the B of Q by NDPWI)
- Contingency amounts (Not provided for within the B of Q by NDPWI)

Note: CPG values in the CPG Bill of Quantities Section will be recalculated based on the awarded “Tender Amount” excluding provisional amounts, allowances and VAT, i.e. the Contract Amount as defined by the cidb Standards. No penalties will be applied should the CPG value based on the original “Contract Amount”, has been achieved. The CPG values do not increase in the event of any expansion to the construction cost after award by way of variation orders, remeasurements or escalation applicable to the project.

The main contractor shall submit monthly reports in terms of CPGs achievement and accumulative targets achieved including audited supporting documentation to the Employer’s Representative. The final CPG reconciliation will form part of the final account, clearly indicating the CPG targets, CPGs achieved and penalties applied if applicable.

3. FEASIBILITY STUDY

The project must be introduced to the local community well in advance before going out on tender (at least 12 months) if possible upon which a feasibility study must be conducted to determine both the viability and extent of implementing the respective CPGs. A Social Facilitator to be appointed to assist in this regard either as a disbursement to the Principal Agent or a direct appointment.

Liaise with:

- | | |
|--|---|
| Community leaders | Department of labour |
| Business forum/s | Emerging contractor development forum/s |
| Any other Civic organisations / forums | |

Refer to the cidb Standard for Targeting Enterprises and Labour through Construction Works Contracts as published in the Government Gazette Notice No. 41237 of 10 November 2017 for:

- Appendix A: Guidelines for Undertaking a Feasibility Study for Specifying CPGs.

3.1 Establish a Community Project Support Committee

The objectives of this Memorandum of Understanding (MOU) Agreement are to establish and enter into an agreement with the Community Project Support Committee, representing the affected communities on the following aspects:

- Targeting strategies and contract participation goals to be implemented on the project;
- Establish minimum requirements of beneficiaries for subcontracting, NYS and skills development.
- Establish respective roles and responsibilities of:
 - NDPWI
 - Community Project Support Committee
 - Community Liaison Officer (CLO)
 - Consultants
 - Contractor
- Deliverables and Timeframes
- Mediation for the resolution of community matters affecting the performance of the construction works contract;
- Enter into a written agreement

Refer to the cidb Standard for Targeting Enterprises and Labour through Construction Works Contracts as published in the Government Gazette Notice No. 41237 of 10 November 2017 for:

- Appendix B: Guidelines for Community Engagement.

4. CONTRACT PARTICIPATION GOALS

4.1. Targeted Local Material Manufacturers CPG

A targeted local manufacturer is a targeted enterprise that operates or maintains a factory or establishment that produces on its premises materials or goods required by the principal contractor for the performance of the contract.

This CPG is a **Condition of Contract** therefore it is not a requirement to submit substantiating documentation with the tender other than pricing the item in the CPG section of the Bills of Quantities.

The main contractor shall submit monthly reports in terms of CPG monthly achievement and accumulative targets achieved including audited supporting documentation to the Employer's Representative.

4.1.1. Applicable standards and implementation documents

- The cidb Standard for Targeting Enterprises and Labour through Construction Works Contracts as published in the Government Gazette Notice No. 41237 of 10 November 2017; and
- cidb Best Practice Project Assessment Scheme Notice No. 43726 of 18 September 2020

4.2.2 Minimum Requirements

- Grade 7GB / 7EC and higher (project value above R20 000 000);
- Minimum construction period 6 months;
- Selected materials subject to Local Content requirements as published by TDI&C from time to time;
- Material to meet SABS / SANS requirements;
- Material to meet minimum specified requirements; and
- Must be economically viable in terms of price and be aware of price fixing and / or cover quoting.

4.2.3 Penalties

The percentage penalty applicable to be **indicated** in the Scope of Works (PG01.1 for GCC Contracts or PG01.2 for JBCC Contracts) and is applied to the prorated targeted value of material not achieved with (Excluding VAT). **The percentage penalty is project specific to a maximum of 30% and should be fair and reasonable.**

4.2.4 CPG Calculation

- Feasibility study to indicate achievable CPG and specified in the Scope of Works (PG01.1 for GCC Contracts or PG01.2 for JBCC Contracts).
- CPG is Expressed as a percentage of the "Contract Amount" = Tender amount at the time of award excluding allowances and VAT.
- Feasibility study established compliant material manufacturers.

The PQS determines value of material obtainable from compliant local material manufacturers, expressed as a percentage of Contract Amount (Pre-tender estimate excluding allowances and VAT / Tender amount excluding allowances and VAT). The actual CPG to be achieved will be based on the Tender amount of the awarded bid, excluding allowances and VAT.

CPG calculation example:

"Tender Amount" = R150 Mil all inclusive of allowances and VAT

"Contract Amount" = R130 Mil (Tender Amount at the time of award excluding allowances and VAT)

CPG to be achieved = 5% as specified in the Scope of Works (PG01.1 for GCC Contracts or PG01.2 for JBCC Contracts)

CPG target value = R130 Mil x 5% = R 6,5 Mil (Value of material to be purchased from local manufacturers, excluding VAT)

Calculation of penalty:

Percentage penalty applicable = 10% as specified in the Scope of Works (PG01.1 for GCC Contracts or PG01.2 for JBCC Contracts)

CPG target value = R6,5 Mil excluding VAT

CPG Achieved = R5,5 Mil (R1 Mil shortfall) excluding VAT

Penalty = R1 Mil x 10% = R100 000 excluding VAT

4.2. Targeted Local Building Material Suppliers CPG

A targeted local supplier is a targeted enterprise which:

- owns, operates or maintains a store, warehouse or other establishment in which goods are bought, kept in stock and regularly sold to wholesalers, retailers or the public in the usual course of business; and
- engages as its principal business and in its own name, in the purchase and sale of goods.

This CPG is a **Condition of Contract** therefore it is not a requirement to submit substantiating documentation with the tender other than pricing the item in the CPG section of the Bills of Quantities.

The main contractor shall submit monthly reports in terms of CPG monthly achievement and accumulative targets achieved including audited supporting documentation to the Employer's Representative

4.2.1. Applicable standards and implementation documents

- The cidb Standard for Targeting Enterprises and Labour through Construction Works Contracts as published in the Government Gazette Notice No. 41237 of 10 November 2017; and
- cidb Best Practice Project Assessment Scheme Notice No. 43726 of 18 September 2020

4.2.2 Minimum Requirements

- Grade 7GB / 7EC and higher (above R20 000 000);
- Minimum construction period 6 months;
- Selected materials subject to Local Content requirements as published by TDI&C from time to time;
- Material to meet SABS / SANS requirements;
- Material to meet minimum specified requirements; and
- Must be economically viable in terms of price and be aware of price fixing and / or cover quoting.

4.2.3 Penalties

The percentage penalty applicable to be **indicated** in the Scope of Works (PG01.1 or PG01.2) and is applied to the prorated targeted value of material not achieved with (Excluding VAT). **The percentage penalty is project specific to a maximum of 30% and should be fair and reasonable.**

4.2.4. CPG Calculation

- Feasibility study to indicate achievable CPG and specified in Scope of Works (PG01.1 for GCC Contracts or PG01.2 for JBCC Contracts)
- CPG is Expressed as a percentage of the "Contract Amount" = Tender amount at the time of award excluding allowances and VAT.
- Feasibility study established compliant material suppliers.

The PQS determines value of material obtainable from compliant local material suppliers, expressed as a percentage of Contract Amount (Pre-tender estimate excluding allowances and VAT or the Tender amount excluding allowances and VAT). The actual CPG to be achieved will be recalculated based on the Tender amount of the awarded bid, excluding allowances and VAT.

CPG calculation example:

"Tender Amount" = R150 Mil all inclusive of allowances and VAT

"Contract Amount" = R130 Mil (Tender Amount at the time of award excluding allowances and VAT)

CPG to be achieved = 5% as specified in the Scope of Works (PG01.1 for GCC Contracts or PG01.2 for JBCC Contracts)

CPG target value = R130 Mil x 5% = R 6,5 Mil (Value of material to be purchased from local suppliers, excluding VAT).

Calculation of penalty:

Percentage penalty applicable = 20% as specified in the Scope of Works (PG01.1 for GCC Contracts or PG01.2 for JBCC Contracts)

CPG target value = R6,5 Mil excluding VAT
CPG Achieved = R5,5 Mil (R1 Mil shortfall) excluding VAT
Penalty = R1 Mil x 20% = R200 000 excluding VAT.

4.3. Targeted Local Labour Skills Development CPG

Targeted labour are individuals who:

- a) are employed by the principal contractor, sub-contractor or targeted enterprises in the performance of the contract;
- b) are defined as the target group in the Scope of Works (PG01.1 for GCC Contracts or PG01.2 for JBCC Contracts); and
- c) permanently reside in the target area or who are recognized as being residents of the target area on the basis of identification and association with and recognition by the residents of the target area.

Targeting of local labour by skills categories is only permissible within categories of semi-skilled and unskilled labour.

Contract participation goals for semi-skilled and unskilled labour shall be limited to on-the-job training to targeted labour to enable such labour to master the basic work techniques required to undertake the work in accordance with the requirements of the contract and in a manner that does not compromise worker health and safety. Training can either be provided by an appointed suitably qualified training service provider or a foreman or artisan employed by the main contractor.

This CPG is a **Condition of Contract** therefore it is not a requirement to submit substantiating documentation with the tender other than pricing the item in the CPG section of the Bills of Quantities.

The contractor to submit monthly reports on training provided to include beneficiary particulars, type of training provided and the number of man hours converted to working days.

4.3.1. Applicable standards and implementation documents

- The cidb Standard for Targeting Enterprises and Labour through Construction Works Contracts as published in the Government Gazette Notice No. 41237 of 10 November 2017; and
- cidb Best Practice Project Assessment Scheme Notice No. 43726 of 18 September 2020

4.3.2. Minimum Requirements

- Grade 7GB / 7EC and higher (above R20 000 000)
- Minimum construction period 12 months.
- Only semi-skilled and unskilled labour.
- Subject to the nature of the work.

4.3.3 Penalties

Failure to achieve the minimum Targeted Local Labour Skills Development CPG will result in a payment reduction of an amount specified in the Scope of Works (PG01.1 or PG01.2) per working day where training was not provided.

4.3.4 CPG Calculation

- Feasibility study to indicate achievable CPG and specified in the Scope of Works (PG01.1 for GCC Contracts or PG01.2 for JBCC Contracts).
- Expressed as a percentage of the "Contract amount" = Tender amount at the time of award excluding allowances and VAT.

The cidb standard provides 2 calculation methods:

Method 1:

Converting the total monetary value of wages and allowances paid to targeted labour, exclusive of any value added tax or sales tax required by law, to a percentage of the applicable contract amount and multiplying such values by the appropriate

weightings for the different target groups, if any, as identified in the feasibility study and targeting strategy; **or**

Method 2:

Converting the amount (number) equal to the person days worked for which the principal contractor, sub-contractors or targeted enterprises contract to engage targeted labour expressed as a percentage of the total person days worked associated with the targeting strategy that is identified in the feasibility study and defined in the Scope of Works (PG01.1 for GCC Contracts or PG01.2 for JBCC Contracts).

Method 2 should be used for ease of calculation and standardisation. The POPI Act also makes it very difficult to obtain all the personal information, especially from subcontractors and SMME subcontractors.

The number of working days allocated to local labour skills development will be derived from the feasibility study based on the nature of the work, the contract period and local labour available.

The PQS to determine the number of CPG % expressed as a percentage of the total number working days required to complete the Works.

The labour intensity outputs per person per day for the respective trades as per the EPWP LABOUR INTENSITY OUTPUTS PER PERSON PER DAY FOR BUILDING WORKS could be used as a guide in determining the number of working days applicable to the beneficiaries.

A suitably qualified and experienced training service provider to be appointed by the main contractor.

CPG calculation example:

“Tender Amount” = R150 Mil all inclusive of allowances and VAT

“Contract amount” = R130 Mil (Tender Amount at the time of award excluding allowances and VAT)

Number of working days required to complete the Works based on the construction period = 600 days

CPG percentage participation to be achieved = 30% as specified in the Scope of Works (PG01.1 for GCC Contracts or PG01.2 for JBCC Contracts)

Required number of working days training to be provided = 180 days (600 x 30%)

Calculation of penalty:

Payment reduction = R 5 000 per day for not providing training as specified in the Scope of Works (PG01.1 for GCC Contracts or PG01.2 for JBCC Contracts)

CPG = 600 x 30% = 180 working days training to be provided

CPG Achieved = 160 days (20 days shortfall where no training was provided)

Penalty = 20 days x R5 000 payment reduction per day= R100 000 excluding VAT

4.4 Cidb BUILD Programme: Enterprise Development (Principal contractor including subcontractors)

The aim is to promote enterprise development by providing for a **minimum** contract participation goal (CPG) of **five percent (5%)** of the **contract amount** as defined in the Standard (Tender amount, excluding allowances and VAT) on selected contracts to be undertaken by joint-venture partners or to be subcontracted to developing contractors that are also to be beneficiaries of enterprise development support from the main contractor. **A minimum 5% CPG is applicable to projects with a tender amount above R20 000 000.** The contract participation goal for projects above R30 Million (Tender Value) to be 30% depending on the nature of the works, the extent of specialised work and available suitably qualified and experienced compliant prospective sub-contractors. The participation goals may therefore vary between 5% and 30% on projects above R30 Million. Note that the 30% threshold is subject to a specific directive yet to be issued in this regard at the time of compilation of this implementation guide, although it is advisable to apply to avoid disruptions on site). **The training to be provided to the SMME business owners which is limited to one beneficiary per business.**

This CPG is a **Condition of Contract** therefore it is not a requirement to submit substantiating documentation with the tender other than pricing the item in the CPG section of the Bills of Quantities.

It is **applicable to contracts in Grades 7 to 9 General Building and Civil Engineering contracts and can be adopted to other CIDB Classes of Works** at the discretion of the end users/Construction Management Branch.

A targeted enterprise is an enterprise which:

- a) Is a contractor registered with the cidb acting in the capacity of a subcontractor or JV partner; and
- b) The contractor does not have an equity holding exceeding 20% in the enterprise, either directly or through a flow through calculation in accordance with the Construction Sector Code of Good Practice published in General Notice 862 of 2009 in Government Gazette No 32305 of 2009 in terms of BBBEE Act of 2003) (Act 53 of 2003); and
- c) Employs at least three permanent employees other than the owner; and
- d) Be registered in terms of the Company's Act of 2008 (Act No. 71 of 2008) or Close Corporation Act of 1984 (Act No. 69 of 1984); and
- e) Is 50% or more black owned or 30% or more black women owned; and
- f) Has entered into a written relationship agreement of co-operation and assistance with the developed enterprise (main contractor) for the duration of the contract.

Where 30% black woman owned is an enterprise in which black people who are women:

- a) Hold more than 30% of the voting rights that are not subject to any limitation; and
- b) Hold more than 30% of the economic interest.

The criteria for The Standard for Indirect Targeting and the Skills Standard is as follows:

There must be a needs analysis for indirect targeting and development or skill standard and should be development in at least any two developmental areas namely;

- a) Management and labour skills transfer;
- b) Establishment of Administrative systems
- c) Establishment of Cost Control systems
- d) Establishment of construction management systems and plans (health and safety, quality and environmental)
- e) Planning, tendering and programming skills transfer
- f) Business skills transfer with emphasis on entrepreneurial and negotiation skills
- g) Technical skills transfer with emphasis on innovation
- h) Legal compliance
- i) Establishing financial loan capacity / Credit rating/history
- j) Contractual knowledge

The above needs analysis shall be mutually agreed upon between the contractor and the targeted enterprise. However, it is advisable to provide the same training to all the SMMEs

The main contractor shall submit monthly reports in terms of CPG monthly achievement and accumulative targets achieved including audited supporting documentation to the Employer's Representative.

Training requirements

The main contractor must develop a training plan to address the developmental needs of the Targeted Enterprise. As a guide the development plan should refer to applicable unit standards that reside in NQF level 3 National Certificate: Supervision of Construction Process qualification or equivalent. Contractual knowledge development and planning, tendering and programming skills transfer must be pitched at NQF 3 level and aligned to the outcomes of the applicable unit standard.

The contractor shall appoint an enterprise development coordinator to:

- a) develop a project specific enterprise development plan; and
- b) submit to the employer's representative a monthly enterprise development report.

To assist the contractor to comply with contractor development, the contractor is guided by the **cidb Competence Standard for Contractors, Government Gazette No. 41237, 10 November 2017**, which outlines the minimum recognised qualifications to which development of Targeted Enterprises must be undertaken by the main contractor. Note that development will not necessarily translate into an accredited outcome.

4.4.1 Applicable standards and implementation documents

- Minimum Targeted Enterprise Development Contract Participation Goal in accordance with the cidb Standard for Indirect Targeting for Enterprise Development through Construction Works Contracts, No 36190 Government Gazette, 25 February 2013; and
- cidb Best Practice Project Assessment Scheme Notice No. 43726 of 18 September 2020

read in conjunction with:

- The cidb Standard for Targeting Enterprises and Labour through Construction Works Contracts as published in the Government Gazette Notice No. 41237 of 10 November 2017, and
- SANS 10845-5:2015 ISO 10845-5:2011. Construction procurement – Part 5: Participation of targeted enterprises in contracts. South African Bureau of Standards.

4.4.2 Minimum requirements

- Grade 7GB / 7 EC or higher
- In the case of a JV at least one of the JV partners must be 7GB / 7CE or higher.
- Minimum construction period 6 months
- **Minimum 5%** of contract amount to be subcontracted to beneficiaries to receive training and a maximum 30% on projects above R30 million.
- Minimum 25 % of project to be subcontracted to CE, EB, GB and/or ME.
- Only Qualifying Small Enterprises (QSE) and Exempt Micro Enterprises (EME)

4.4.3 Penalties

Minimum thirty percent (30%) penalty of the value not achieved in terms of % to be subcontracted and the training value, excluding VAT.

4.4.4 CPG Calculation

- Feasibility study to indicate achievable percentage CPG and specified in the Scope of Works (PG01.1 for GCC Contracts or PG01.2 for JBCC Contracts)
- CPG is expressed as a percentage of the “Contract amount” = Tender amount at the time of award excluding allowances and VAT.

EXAMPLE 1: 5% CPG PARTICIPATION

Part 1: Calculation of minimum 5% CPG example:

“Tender Amount” = R150 Mil all inclusive of allowances and VAT

“Contract Amount” = R130 Mil (Tender Amount at the time of award excluding allowances and VAT)

CPG percentage participation to be achieved = 5% as specified in the Scope of Works (PG01.1 for GCC Contracts or PG01.2 for JBCC Contracts)

CPG value = R6,5 Mil (Value of work to be subcontracted to emerging enterprises)

Calculation of penalty:

Percentage penalty applicable = 30% as specified in the Scope of Works (PG01.1 for GCC Contracts or PG01.2 for JBCC Contracts)

CPG Minimum 5% = R6,5 Mil

Achieved = R5,5 Mil (Only subcontracted work to the value of R5,5 Mil, i.e. R1 Mil shortfall)

Penalty = R1 Mil x 30% = R300 000 Excl. VAT

Part 2: Calculations in terms of training to be provided:

The number of enterprises to be developed is subject to the contract amount and the apportionment of the work as per Example 1 below.

Number of enterprises to be trained = 6 x 1 GB subcontractors

Total cost for training = R 1 660 000

Calculation of penalty

Total number of enterprises to be trained = 6

Total number trained = 4 (2 Shortfall)

Training cost per beneficiary = R1 660 000 / 6 = R 276 666,67 per beneficiary

Penalty = R 276 666,67 x 2 x 30% = R166 000 Excl. VAT

TABLE 1: EXAMPLE 1 - MINIMUM 5% CPG PARTICIPATION (MINI BILL OF QUANTITIES)

B of Q Item	Description	Unit	Rate	Quantity	Amount (R)
5	Enterprise Development				
5.1	Enterprise Development of Targeted Enterprise or JV partners				
5.1.1	Appointment of training co-ordinator *	Per Quarter	45,000	8	360,000
5.1.2	Appointment of Mentor /Training Service provider *	Per Quarter	101,250	8	810,000
5.1.3	Needs Analysis and Enterprise Development Plan per Targeted Enterprise **	No.	5,000	6	30,000
5.1.4	Monitoring and Interim reporting per targeted enterprise *	Per Quarter	20,000	8	160,000
5.1.5	Project Completion report per Targeted Enterprise*	No.	5,000	6	30,000
	Provisional Sum to be carried over to CPG bill of quantities				1,390,000

"Contract amount" Tender amount excl. allowances and VAT,

130,000,000

150 Mil - allowances and VAT = R130 Mil

CPG Monetary value (30%) to be subcontracted to beneficiary SMMEs

39,000,000

130 000 000 x 30% = 39 000 000

No of enterprises based on the CPG value and agreed by project Support committee

6

Grade 1 / 2 GB/CE,ETC.

Contract period (months)

24

Number of Quarters

8

24 / 3 = 8

*** Rates prescribed by the cidb. PQS to determine rate depending on the location of the project**

**** Rates to be determined by PQS and adjusted to accepted quotation amounts**

The number of periods is project specific.

The training coordinator & the mentor/training service provider can be the same service provider which could reduce costs.

- The mini bill will be used to reflect actual cost once the bid has been awarded, the actual cost of the respective items are known and the provisional amount adjusted accordingly. Rather overestimate than underestimate in order not to negatively impact on the 20% expansion limitation on the project value.
- The Community Project Support Committee needs to be sensitised with regards to the number of enterprise development beneficiaries and may insist that all SMMEs are to be trained which will have a major financial impact on the training allowance as reflected in Example 2 below.
- Training is a once off event for each SMME beneficiary. However, the example allowed for training throughout the contract period as and when SMMEs are appointed and additional mentoring. The training period should be project specific. The number of quarters training to be provided will depend on the nature of the work, the trades to be subcontracted, and the anticipated date of appointments in relation to the construction programme. One can if possible arrange one training session for all beneficiaries in some instances.
- The mini bill will be used to reflect actual cost once the bid has been awarded, the actual cost of the respective items are known and the provisional amount adjusted accordingly. Rather overestimate than underestimate in order not to negatively impact on the 20% expansion limitation on the project cost.

- The Community Project Support Committee needs to be sensitised with regards to the number of enterprise development beneficiaries and agree on the number of beneficiaries of the CPG preferably prior to going out on tender.
- Training to be provided as close as possible to the project site to minimize cost.
- The intention is not to provide training for the full duration of the project. The assessment of the SMMEs will determine the type of training to be provided and at what stage/s of the projects whilst noting that this is managerial/business training for the owners of the companies only. It is also dependent on the nature of the works, SMME trades to be appointed and when the SMMEs are appointed. The ideal would be to limit the training sessions to a maximum of three sessions.
- Beneficiaries will not be replaced should a beneficiary exit the programme prematurely for whatever reason and the main contractor will not be penalised for not achieving the CPG if it is due to a beneficiary exiting the programme prematurely.

EXAMPLE 2: 30% CPG PARTICIPATION (MINI BILL OF QUANTITIES)

Part 1: Calculation of minimum 30% CPG example:

“Tender Amount” = R150 Mil all inclusive of allowances and VAT

“Contract Amount” = R130 Mil (Tender Amount at the time of award excluding allowances and VAT)

CPG percentage participation to be achieved = 30% **as specified** in the Scope of Works (PG01.1 for GCC Contracts or PG01.2 for JBCC Contracts)

CPG value = R39,000,000 (Value of work to be subcontracted to emerging enterprises to undergo training)

Calculation of penalty:

Percentage penalty applicable = 30% as specified in the Scope of Works (PG01.1 for GCC Contracts or PG01.2 for JBCC Contracts)

CPG Minimum 30% = R39,000,000 Mil

Achieved = R30 Mil (Only subcontracted work to the value of R30 Mil, i.e. R9 Mil shortfall)

Penalty = R9 Mil x 30% = R 2 700 000 Excl. VAT

Part 2: Calculations in terms of training allowance for training to be done:

The number of enterprises to be developed is subject to the contract amount and the apportionment of the work as per Example 1 below.

Number of enterprises to be trained = 15 (1GB) + 3 (1CE) + 5 (2GB) + 3 (2CE) = 26 SMME subcontractors

Total cost for training = R 4 020 000

Calculation of penalty

Total number of enterprises to be trained = 26

Total number trained = 24 (2 Shortfall)

Training cost per beneficiary = R4 020 000 / 26 = R154 615 per beneficiary

Penalty = R154 615 x 2 x 30% = R 92 769.23 Excl. VAT

TABLE 2: EXAMPLE 2 - 30% CPG PARTICIPATION

Example of calculating cost of SMME training (Worst case scenario)

B of Q Item	Description	Unit	Rate	Quantity	Amount (R)
5	Enterprise Development				
5.1	Enterprise Development of Targeted Enterprise or JV partners				
5.1.1	Appointment of training co-ordinator *	Per Quarter	45,000	8	360,000
5.1.2	Appointment of Mentor /Training Service provider *	Per Quarter	390,000	8	3,120,000
5.1.3	Needs Analysis and Enterprise Development Plan per Targeted Enterprise **	No.	5,000	26	130,000
5.1.4	Monitoring and Interim reporting per targeted enterprise *	Per Quarter	20,000	8	160,000
5.1.5	Project Completion report per Targeted Enterprise*	No.	5,000	26	130,000
	Provisional Sum to be carried over to CPG bill of quantities				3,900,000

<u>"Contract amount" Tender amount excl. allowances and VAT,</u>	130,000,000	150 Mil - allowances and VAT = R130 Mil
CPG Monetary value (30%) to be subcontracted to beneficiary SMMEs	39,000,000	130 000 000 x 30% = 39 000 000
No of enterprises based on the CPG value and agreed by project Support committee	26	Grade 1 / 5 GB/CE,ETC.
Contract period (months)	24	
Number of Quarters	8	24 / 3 = 8

* Rates prescribed by the cidb. PQS to determine rate depending on the location of the project

** Rates to be determined by PQS and adjusted to accepted quotation amounts

All rates are provisional and will be adjusted upon receipt of quotations from service providers and acceptance.

4.5 Cidb BUILD Programme: Skills Development (Principal contractor including subcontractors and consultants)

The aim is to provide opportunities to learners requiring structured workplace learning facilitated by the principal contractor including subcontractors and consultant service providers.

This CPG is a **Condition of Contract** therefore it is not a requirement to submit substantiating documentation with the tender other than pricing the item in the CPG section of the Bills of Quantities.

The contract Skills Development Goal (CSDG) shall be expressed as follows:

- In the case of engineering and construction works contracts, design and build contracts and services contracts the contract skills development participation goals, expressed in Rand, shall be no less than the "contract amount" multiplied by a percentage (%) factor given in Table 5 for the applicable class of construction works used in the application of the Construction Industry Development Regulations issued in terms of the Construction Industry Development Board Act of 2000.
- In the case of professional services contracts the contract skills development goals, expressed in hours, shall be not less than the professional fees in millions of Rand multiplied by 150.

Upon registration of the project with the cidb, NDPWI will be invoiced to pay the cidb 0,2% to a maximum of R2 Mil under second contract (0002) on the WCS as a once off Payment. Project Managers must ensure that provision is for the payment of the BUILD programme costs when requesting funding prior to the invitation of tenders

and ideally register a Contract 0002 on the WCS for that purpose as soon as they become aware that the cidb BUILD Programme will be applicable to the project. The PQS is to include the cost in his estimate based on the pretender estimate including allowances and VAT. The actual amount payable to the cidb = the awarded tender amount x 0,2% to a maximum of R2 Million.

The main contractor shall submit monthly reports in terms of CPG monthly achievements and accumulative targets achieved including audited supporting documentation to the Employer's Representative

Contract skills development credits will not be awarded for learners enrolled as beneficiaries of other funded or subsidised programmes.

In the case of services contracts:

- a) The contract skills development goals shall be granted by multiplying the number of people employed by the contractors and placed for continuous training opportunities in a three-month period by the notional values contained in Table 4, or as revised in a Gazette notice.
- b) The contractor may source beneficiaries of the contract skills development goal from the cidb Skills Development Agency (SDA).
- c) All beneficiaries of the Standard must be registered with the cidb Skills Development Agency (SDA). Where an unemployed learner is employed directly by the service provider / contractor, the service provider / contractor shall pay the stipend directly to the learner
- d) Where an unemployed learner is sourced through an SDA, training provider or skills development facilitator the consultant / contractor must pay the stipend to the SDA, training provider or skills development facilitator who in turn will pay the learner
- e) The notional cost of providing training opportunities will be increased by CPI on an annual basis. The new, revised costs will be published on the cidb website on the 1st of April in each year.

Credits towards the contract skills development goal for professional services contracts shall be granted by summing the hours of structured workplace learning opportunities provided to P1 and P2 learners as well as professional candidates in accordance with this standard.

No more than 45 hours may be claimed per week for any individual.

Contract skills development goal credits shall be reduced to the extent that they fail to comply with the requirements of this standard.

Role and function of skills development agency

The Skills Development Agency (SDA) will provide career management and compliance reporting functions for all learners for CSDG compliance in terms of this Standard. Where the service providers / contractors provide direct employment to unemployed learners, or enrols own employees for CSDG compliance, the service provider shall register them with the cidb SDA. The SDA can also act as an employment intermediary for unemployed learners. NOTE: The role and function of a cidb SDA is outlined in Annexure B of the standard for skills development.

Providing workplace learning opportunities through direct employment from colleges and indirect employment through Skills Development Agency (SDA). The aim of the SDA will be to facilitate structured, workplace training for beneficiaries of the CIDB Standard for Developing Skills through Infrastructure Contractors (Skills Standard) and their roles will be to ensure the smooth processing of training learners or beneficiaries in partnership with the contractor.

Appointing a coach/mentor for learners whose responsibilities are:

- a) Submitting compliance baseline training plans 30 days after contract award(60 to 90 days is more realistic);
- b) Submitting quarterly compliance reports; and
- c) **Submitting final contract compliance report prior to achieving Practical Completion and not 30 days after practical completion as per the cidb Standard. Certificate of Practical Completion will not be issued unless the report has been issued to the project manager.**

Career management and compliance reporting

The contractor shall enter into a contract agreement with the cidb SDA training provider or skills development facilitator to manage their learners according to the provisions given below:

- a) preparing training plans for registered learners, including details of the scope of experiential work to be covered and expected outcomes;
- b) registering learners with the appropriate Sector Educational and Training Authority established in terms of the Skills Development Act of 2008 (Act 37 of 2008);
- c) conducting entry and exit level medicals for learners at the conclusion of each placement opportunity;
- d) providing personal protective equipment;
- e) liaising with the supervisor to monitor onsite training progress of learners;
- f) liaising with the supervisor to arrange for summative assessments at appropriate stages of the training; and
- g) liaising with the supervisor to prepare reports for the employer's representative and cidb at practical completion of the contract.

The relevant training service provider or skills development facilitator shall invoice the main contractor for the provision of these services.

The cidb SDA shall open a trust fund to ring-fence monies essential for all learner requirements where necessary provided for in this standard such as personal protective equipment, medical assessments, insurance, course fees, monitoring as well as top up training and assessment.

Employment Intermediary

The cidb SDA can act as an employment intermediary for unemployed learners and provide contractors with learners qualifying for participation in the CSDG, as well as managing their employment functions such as payment of stipends, workman's compensation, provision of personal protective equipment, trade specific tools, etc.

In such cases, the consultant / contractor shall contract directly with an SDA, training provider or skills development facilitator of their choice for the recruitment, placement and management of learners. The contractor shall pay the SDA, training provider or skills development facilitator in accordance with the notional costs provided for in this standard, or as amended by a Gazette.

Provision of different types of workplace opportunities linked to work associated with a contract which culminate in or lead to registration in a professional category by one of the professional bodies listed in the standard (**Table 3 below**).

Table 3: Categories of registration

Source: cidb Standard for Developing Skills through Infrastructure Contracts as published in the Government Gazette Notice No. 48491 of 28 April 2023 (Table 1, Page 5)

Profession	Category of registration	Act
Architectural	Architect, Senior Architectural Technologist, Architectural Technologist or Architectural Draughts person	Architectural Profession Act of 2000 (Act No.44 of 2000)
Construction Project Management or Construction Management	Construction Project Manager or Construction Manager	Project and Construction Management Professions Act of 2000 (Act No. 48 of 2000)
Engineering	Engineer, Engineering Technologist, Engineering Technician or Certificated Engineer	Engineering Profession Act of 2000 (Act No. 46 of 2000)
Health and Safety Practitioners	Construction Health and Safety Agent, Construction Health and Safety Manager, Construction Health and Safety Officer	Occupational Health and Safety Act of 1993 (Act No. 85 of 1993) Construction Regulations, 2014
Landscape Architectural	Landscape Architect, Landscape Technologist, Landscape Technician or Landscape Assistant	Landscape Architectural Profession Act of 2000 (Act No. 45 of 2000)
Planning	Planner or Technical planner	Planning Profession Act, 2002. (Act No. 36 of 2002)
Quantity surveying	Quantity surveyor	Quantity Surveying Profession Act of 2000 (Act No. 49 of 2000)
Scientists	Natural scientists	Natural Scientific Professions Act (Act No. 27 of 2003)

Profession	Category of registration	Act
Surveying	Land surveyor, Engineering surveyor or Technician engineering surveyor	Professional and Technical Surveyors' Act (Act No. 40 of 1984)
Valuers	Valuer or Associate Valuer	Property Valuers Profession Act (Act No. 47 of 2000)

Training Methods:

The contractor / service provider shall achieve the measurable contract skills development goal by providing opportunities to learners requiring structured workplace learning using one or a combination of any of the following in relation to work directly related to the contract or order:

Method 1: structured workplace learning opportunities for learners towards the attainment of a part or a full occupational qualification;

Method 2: structured workplace learning opportunities for apprentices or other artisan learners towards the attainment of a trade qualification leading to a listed trade (GG No. 35625, 31 August 2012) subject to at least 60% of the artisan learners being holders of public TVET college qualifications (N/A for consultants);

Method 3: work integrated learning opportunities for University of Technology or Comprehensive University students completing their national diplomas; or

Method 4: structured workplace learning opportunities for candidates towards registration in a professional category by a statutory council listed in Table 3 above.

Employed learners may not account for more than 33 percent of the contract skills development goal. Not more than one method may be applied to any individual concurrently in the calculation of the contract skills development goal. The principle is that an individual can only be counted once towards the CSDG.

The contractor shall apportion the learners in the different construction activities based on the scope of work. The cost of accommodating learners will be determined by using **Table 3** and this cost will be used to determine the value in Rand for skills development and will be added to the provision for training as provided for in the CPG Bill of Quantity section.

Table 3: The notional cost of providing training opportunities per quarter

Source: cidb Standard for Developing Skills through Infrastructure Contracts as published in the Government Gazette Notice No 48491 Government Gazette, 23 April 2023 (Table 3, Page 9)

Type of Training Opportunity	Provision for stipends (Unemployed learners only)	Provisions for mentorship	Provisions for additional costs*	Total costs	
				Unemployed learners	Employed learners
Method 1					
Occupational qualification	R7 000	R0	R9 000	R16 000	R9 000
Method 2					
TVET College graduates	R14 000	R0	R9 000	R23 000	N/A
Apprenticeship	R14 000	R0	R12 000	R26 000	R12 000
Method 3					
P1 and P2 learners	R24 000	R20 000	R4 500	R48 500	N/A
Method 4					
Candidates with a 3 year diploma	R37 000	R20 000	R4 500	R61 500	R20 000
Candidates with 4 year qualification	R47 000	R20 000	R4 500	R71 500	R20 000

Note: the required CPG will be recalculated based on the awarded tender amount and "Contract amount" once the beneficiaries have been appointed and actual costs are known. The notional cost of providing training opportunities will increase by CPI on an annual basis based on April CPI. Should the rates increase after bid award or during construction then the rates will be adjusted as a re-measurable item.

4.5.1 Applicable standards and implementation documents

- Minimum Targeted Contract Skills Development Goal in accordance with the cidb Standard for Developing Skills through Infrastructure Contracts as published in the Government Gazette Notice No. 43495 of 3 July 2020
- cidb Best Practice Project Assessment Scheme Notice No. 43726 of 18 September 2020

4.5.2 Minimum requirements

Contractor:

- All classes of work from Grade 7 and above
- Minimum Construction Period 12 Months

Consultant:

- Minimum total tender value = R5 Mil
- Minimum service contract period = 12 Months

4.5.3 Penalties

Contractor:

- Minimum thirty percent (30%) penalty of the value of the CPG portion not achieved, excluding VAT; **AND**
- **The issuing of completion certificates only after the completion certificate of achieving the skills development goal, counter-signed by the relevant individuals has been submitted**

Consultants:

- Minimum thirty percent (30%) penalty of the value of the CPG portion not achieved in terms of hours training to be provided and the associated notional cost , excluding VAT

4.5.4 CPG Calculation

Table 4: Contracting skills development goals for different classes of engineering and construction works contracts

Source: cidb Standard for Developing Skills through Infrastructure Contracts as published in the Government Gazette Notice No. 48491 Government Gazette, 23 April 2023 (Table 2, Page 7)

Class of construction works as identified in terms of Regulation 25 (3) of the Construction Industry Regulations 2004		Construction skills development goal (CSDG) (%)
Designation	Description	
CE	Civil Engineering	0.25
CE and GB	Civil engineering and General Building	0.375
EE	Electrical Engineering works (buildings)	0.25
EP	Electrical Engineering works (infrastructure)	0.25
GB	General Building	0.5
ME	Mechanical Engineering works	0.25
SB	Specialist	0.25

Note: the required CPG will be recalculated based on the awarded tender amount and “Contract amount” once the beneficiaries have been appointed and actual costs are known. The notional cost of providing training opportunities is subjected to annual increases as per the CPI issued on the 1st of April annually by Stats SA. The rates will be adjusted as an adjustment to the provisional amounts should the rates increase after bid award or during the construction period. The ideal is to maximize the number of beneficiaries and not target beneficiary with the highest associated costs which will reduce the number of beneficiaries. The beneficiaries to be targeted can be established during the feasibility study which can be specifically specified.

Contractor CPG calculation:

“Contract amount” = Tender amount at the time of award excluding allowances and expenses, and VAT

“Contract amount” x factor from Table 5 above.

The PQS to make allowance for CPI increases for the full duration of the training within the provisional amount allowed for in the Bill of Quantities whilst noting that the cidb uses the April CPI for annual increases.

CPG calculation example:

“Tender Amount” = R150 Mil for GB, all inclusive of allowances and VAT

“Contract Amount” = R130 Mil (Tender Amount at the time of award excluding allowances and VAT)

Factor for “GB” = 0,5% (as per Table 5 above)

CPG in R value = R130 Mil x 0,5% = R650 000 i.e. total notional cost of training to amount to R650 000

Calculation of penalty (excluding escalation):

Percentage penalty applicable = 30% as specified in the Scope of Works (PG01.1 for GCC Contracts or PG01.2 for JBCC Contracts)

CPG value = R650 000

Achieved = R550 000 = R100 000 Shortfall

Penalty = R100 000 x 30% = R30 000 Excl. VAT

CPG calculation if escalation is applicable:

CPG in R value = R130 Mil x 0,5% = R650 000

+ 6,5% annual increase (if applicable) = R42 250

Total CPG value to be achieved = R692 250

Calculation of penalty (including escalation):

Percentage penalty applicable = 30% as specified in the Scope of Works (PG01.1 for GCC Contracts or PG01.2 for JBCC Contracts)

CPG value = R650 000

+ 6,5% escalation = R42 250

Total CPG value = R692 250

Achieved = R500 000 = R192 250 Shortfall

Penalty = R192 250 x 30% = R57 675 Excl. VAT

Calculations based on “Contract Amount” after bid award and appointment of beneficiaries

Actual CPG training requirement value after award upon selecting method/s of training and appointment of beneficiaries = R676 000 [or R719 940 if escalation is applicable] (**Table 5 below**). The provisional amount allowed for must therefore be adjusted accordingly. The new monetary value of training required will then form the basis for determining penalties applicable. No penalties will be applied should the CPG value, based on the original “Contract Amount” be achieved. Note that it could emanate from the feasibility study that there are local candidate beneficiaries to which certain methods apply which could be specified specifically in the Scope of Works (PG-01.1 / PG01.2) to avoid increase in cost.

Table 5: Notional cost recalculation upon bid award and appointment of beneficiaries.

Adapted from the cidb Standard for Developing Skills through Infrastructure Contracts as published in the Government Gazette Notice No. No 48491 Government Gazette, 23 April 2023 (Table, Page 9))

SkillsTypes	Number of learners	Notional Cost / Learner / Quarter	Notional cost / learner / year	Total Notional Cost over 12 months Contract
Method 2: Workplace learning opportunities, with unemployed TVET graduates	2	R23 000	R92 000	R184 000
Method3: Candidacy for an unemployed learner with a 3-year qualification	2	R61 500	R246 000	R492 000
Total CPG value if escalation is not applicable / Sub-Total if escalation is applicable				R676 000
Add 6,5% escalation as per April CPI (if applicable)*				R43 940
Total CPG Value if escalation is applicable				R719 940

**Escalation percentage to be based on the latest CPI indices*

Consultant CPG calculation:

- CPG value based on the “Contract Amount” = Number of Hours training to be provided x the Notional Cost per hour of beneficiaries appointed.
- Number of hours training to be provided = “Contract Amount” x 150.
- “Contract amount” = Tender amount excluding allowances, expenses and VAT [Basic fee tendered item (1) from the activity schedule) excluding VAT]

Calculating consultant CPG example:

Step 1: Calculate number of Hours training to be provided:

“Tender Amount” = R5.1 Mil

“Contract amount” = R4.5 Mil (Basic fee tendered item (1) from the activity schedule) excluding VAT)

Number of hours skills development training required = $R4.5 \times 150 = 675$ hours (hours to be rounded off)

Step 2: Calculate the Notional Cost per hour

- (a) Notional Cost per quarter as per Table 4 of Clause C 3.16 (Scope of Services) and optional methods
- (b) Number of Hours per quarter = 3 months x 20 days x 8 hours per day = 480 Hours
- (c) Notional Cost per Hour = (a) / (b)

Step 3: Calculate Total Notional Cost

- (a) Total hours training to be provided x notional cost per hour

Example: Calculating the Total Notional Cost

- (a) Fees (1) from Activity Schedule = R4.5 Mil
- (b) Number of hours skills development required = $R4.5 \text{ Mil} \times 150 = 675$ hours
- (c) Total number of hours per quarter = 40 hours per week x 4 weeks x 3 months = 480 hours
- (d) Notional cost per hour “Method 4” = $R71\,500 \text{ per quarter} / 480 \text{ hours} = R148.95 \text{ per hour}$
- (e) Total Notional cost = $R148.95 \text{ (Rate per hour)} \times 675 \text{ (total number of hours)} = R100\,541.25$
- (f) PM to insert the calculated amount into the activity schedule as a provisional amount which will be adjusted upon the selection and appointment of the beneficiaries.

Calculation of penalty:

Total notional cost = R 100 541.25

Achieved = R60 000 Shortfall of R40 541.25

Penalty = $R40\,541.25 \times 30\% = R12\,162.38$ Excl. VAT

Note: Annual escalation is applicable and allowance must be made in the provisional amount, as indicated in the above example for the contractor.

The project manager must indicate in the consultant tender document whether the CPG is applicable or not, and provide a provisional amount in the activity schedule. In the event of being indicated as applicable and the awarded consultant tender amount is less than R5 Million, the CPG will still be applicable.

If the estimate consultant fees is in the region of R5 Million make the CPG applicable and provide an allowance.

This CPG is strongly advocated by the cidb and one may apply same to projects where the cost / fees is expected to increase above the minimum thresholds.

4.6 National Youth Service Programme (NYS) CPG

- The programme shall be implemented in terms of the Implementation of the National Youth Service Programme under the Expanded Public Works Programme (EPWP) and shall be priced in the CPG section of the Bills of Quantities. The CPG determined in conjunction with NDPWI NYS component which would quantify the NYS bill of quantities
- This CPG is a **Condition of Contract** therefore it is not a requirement to submit substantiating documentation with the tender other than pricing the NYS component within the CPG section in the Bill of Quantities.
- Monthly proforma reports are to be submitted to the Employer's Representative.

4.6.1 Applicable standards and implementation documents

- National Youth Service Programme

4.6.2 Minimum Requirements

- Minimum contract value R2 Mil
- Minimum construction period 12 months

4.6.3 Penalties

Payment reduction as stipulated in the CPG bill of quantities per person not trained (Excluding VAT).

Calculation of penalty example:

Payment reduction per person not trained as stipulated in the NYS Bill of Quantities = R 2 500 per person.

Total number of NYS Beneficiaries as stipulated in the NYS Bill of Quantities = 25

Total Number of NYS beneficiaries trained = 20 (shortfall of 5 beneficiaries)

Penalty = 5 x R2 500 = R12 500 Excl. VAT

4.7 Labour Intensive Works CPG

The consultant team is expected to use their initiative to identify activities that can be done labour-intensively to comply with the set minimum labour intensity target based on the Generic labour intensive works specifications.

This CPG is a **Condition of Contract** therefore it is not a requirement to submit substantiating documentation with the tender other than making allowance in his pricing of items indicated "LI" in the Bills or Quantities.

The main contractor shall submit monthly reports in terms of CPG monthly achievement and accumulative targets achieved including audited supporting documentation to the Employer's Representative

4.7.1 Applicable standards and implementation documents

- Expanded Public Works Programme (EPWP) and generic labour intensive works specifications.

4.7.2 Minimum Requirements

- All civil works projects.
- As general construction projects are labour intensive by nature specific general building items need not to be indicated as "LI" in the Bills of Quantities. It is however a requirement to implement and indicate "LI" items as defined in the Scope of Works (PG01.1 and PG01.2) where feasible on projects below R30 Mil.
- Compulsory for projects above R30 Mil where feasible.
- Minimum construction period 6 months

4.7.3 Penalties

Minimum thirty percent (30%) penalty of the value of the works not done by means of labour-intensive methods, excluding VAT.

4.7.4 CPG Calculation

- Feasibility study to indicate achievable CPG and specified in the Scope of Works (PG01.1 for GCC

Contracts or PG01.2 for JBCC Contracts)

- CPG determined by PQS in conjunction with consultant team and NDPWI representative.
- Example:

CPG Calculation

“Tender Amount” = R150 Mil all inclusive of allowances and VAT

“Contract Amount” = R130 Mil (Tender Amount at the time of award excluding allowances and VAT)

CPG value = R10 Mil (Total value of labour-intensive works specified in the Bills of Quantities)

Calculation of penalty

CPG value = R10 Mil

Percentage penalty applicable = 30% as specified in the Scope of Works (PG01.1 for GCC Contracts or PG01.2 for JBCC Contracts)

CPG Achieved = 9 Mil (R1 Mil shortfall)

Penalty = R1 Mil x 30% = R300 000 Excl. VAT

5. **INFORM THE CIDB**

Failing to inform the cidb is a criminal offence.

Cidb to be informed of:

- Bid award to be registered with the cidb within 21 days from date of award - SCM responsibility;
- List of skills development beneficiaries within 30 days from bid award – PM Responsibility (cidb informed to change to 90 days. Lists to be submitted soonest);
- Practical Completion within one calendar month from issuing certificate – PM Responsibility; and
- The compliance of such project with the Standard for Developing Skills through Infrastructure Contracts and the contract skills development achieved– PM Responsibility.

6. **CIDB CONTACT PERSON CIDB BUILD PROGRAMME**

Cidb contact person cidb BUILD Programme for assistance with implementation:

Mr Ishmail Cassiem, Mobile Nr 078 801 8476, Email: ishmailC@cidb.org.za

Fully understanding the contract participation goals demands self-study of the relevant cidb Standards as well as the Standards and SANS documents referred to within the respective cidb Standards and Practice Notes