

Close out Report

of the New Universities Project Management Team on the

Development of New Universities in
Mpumalanga and the Northern Cape

01 NOVEMBER 2011 - 31 JULY 2017



Chapter 11

Client focus on development



11. Client Focus on Development

Delivering projects on time, on budget and to the highest standard is the concern of clients and project teams around the world. However, DHET and the NUPMT recognised that the delivery of the first two universities in post-apartheid South Africa placed a special onus on them as joint client, to ensure that best practice was put into operation in the way these projects were delivered. The temporary nature of their role as “caretaker” client amplified this responsibility as did the fact that although the development of the two universities was a national responsibility, project delivery took place in two provinces with their own high expectations not only of the end product but also for their role in the construction process.

11.1 TOWARDS A CONSTRUCTION DELIVERY STRATEGY

DHET considered the investment in higher education infrastructure as an important instrument to drive national development objectives such as economic transformation and employment creation. It further recognised that the nature of construction projects resulting from such investments involves the management of a supply chain comprising a diverse range of goods and services with the potential for stimulating local development and employment opportunities. These considerations underpinned the delivery and contracting strategies adopted.

A brief set of proposals was put forward by the NUPMT for approval within the Technical Integration Committee and for engagement with various stakeholders - on a construction contracting strategy^[11-1] that must:

- a) Ensure *competent, cost effective and timely completion* of campus buildings and infrastructure;
- b) Promote *empowerment*;
- c) Promote *local content, job creation and skills development*;
- d) Be supported by stakeholders.

The proposals suggested that tenders for the main contractors would need to target contractors, preferably with a CIDB grading designation of Grade 8 and above. However, it was subsequently realised that there were no Grade 8 contractors in the Northern Cape and so the requirement was reduced to Grade 7 in order to try to target the available provincial contractors. It was agreed that at least two main contractors would be appointed in each province on 3-year framework contracts that would enable a medium term period within which to address the agreed development objectives.

The *primary procurement objectives* for the New Universities project were:

- a) Cost: Deliver the university within a control budget;
- b) Cost: Ensure that expenditure is within the amounts allocated in each financial year of the MTEF period and is capable of being accelerated should additional funding become available;
- c) Time: Ensure that teaching spaces are capable of being occupied at the start of the required academic year, which meant that time would be of the essence.
- d) Quality: Provide works that are capable of being readily maintained;

- e) Quality: Make use of expertise within universities to ensure that the designs of the teaching spaces are aligned with current and future best practice;
- f) Quality is such that maintenance costs are minimised.

It was agreed that the appointment of the main contractors would be assessed on the basis of quality, price, and empowerment preference in accordance with government's Preferential Procurement Policy Framework Act. In addition, in terms of the Outline Construction Delivery Strategy, it was agreed that in order to strengthen provincial participation, the main contractors would be *“required to achieve targets for the following development objectives:*

- a) *Empowerment and Local Content: The main contractors will be required to put forward, targets for employing and developing local sub-contractors (bricklaying electrical, plumbing, etc.);*
- a) *Local employment: Appointed main contractors will be required to employ a minimum of 30% of the workforce from the local community;*
- b) *Skill Training: The main contractors will be required to provide practical training opportunities to students (TVET or University) in the built environment professions (e.g. Construction/ Project Management, various engineering disciplines and artisans, etc.) based on requirements specified in the tender documents;*
- c) *Community and Other: The main contractor will be required to put forward proposals on community development (e.g. numeracy, adult education) and other areas of social investment (e.g. bursaries);*
- d) *Maximum use of local materials will be essential.”*

Neither DHET nor the Wits NUPMT had had direct experience with local development challenges and much was learned from the NIHE experience at Siyabuswa. It was understood from the outset that effective implementation of the development objectives would require engagement with key stakeholders such as the respective Provincial Government, Local Authorities, local Chambers of Commerce, etc. In this context it was further understood that it would be important to establish appropriate communication and a liaison committee in each centre.

Already at this early conceptual stage the client anticipated the possible *“need to establish and manage ... a database of potential subcontractors and local suppliers”* and that management of these aspects would require staffing, monitoring and reporting. However, the intensity of effort involved in this development focus would only become apparent later. Nevertheless, it proved to be the correct focus in terms of the project's legacy, and in terms of the risk entailed had an inadequate local development strategy been adopted.

11.2 PROCUREMENT OF MAIN CONTRACTORS

The procurement of main contractors for the start of major new construction work was informed by the objectives set out in the outline construction delivery strategy, including the deliberate strategy to promote provincial and local capability. The scope of the first phase of work planned for the 2016 and 2017 academic years was substantial, requiring the construction of large, multi-storey buildings to accommodate 700 students at SPU and 1255 students at UMP by 2016.



Fig 11.1: Buildings 1,2 and 3 on the Sol Plaatje Central Campus - Completion date January 2016. (Photo taken approximately March 2015)

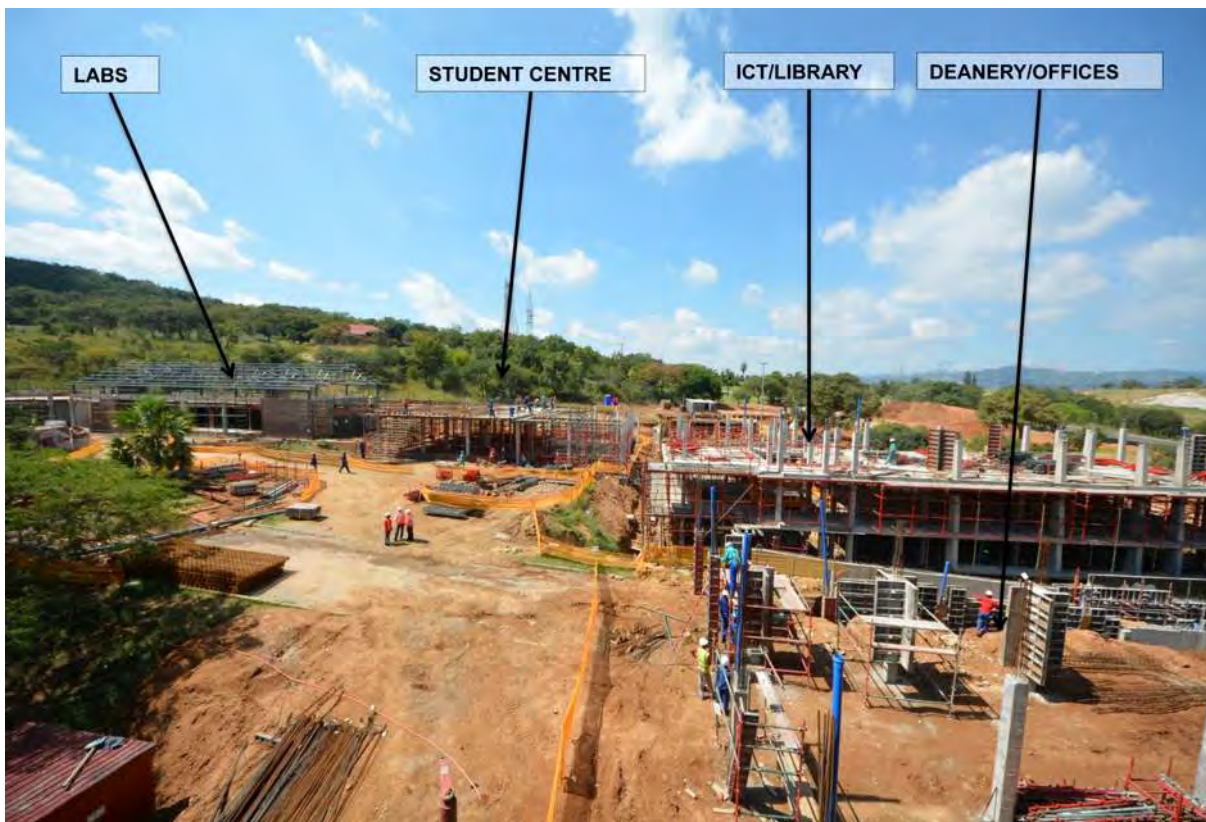


Fig 11.2: Building 06 – assembly of buildings at University of Mpumalanga - Completion date January 2016. (Photo taken approximately March 2015)

This phase of construction would establish core campuses at each university with some 16 new multi-storey buildings at a total estimated construction cost of R1.2b. The buildings included laboratories, lecture auditoria and teaching facilities, academic offices, libraries, residences and student facilities. In total, the construction of more than 80 000m² of new buildings was envisaged to accommodate the planned 2017 student numbers.

From the outset, it was understood that the size and nature of the work together with the envisaged delivery time frames, would require the appointment of large and competent general building contractors at a CIDB grading Level 8GB or 9GB. While the CIDB Register of Contractors listed seven contractors in these categories in Mpumalanga, this was not the case in the Northern Cape. Unfortunately, the CIDB Register of Contractors only listed one potential Grade 8 contractor in the Northern Cape. For this reason, a conscious decision was taken to lower the requirement to a CIDB grading Level 7GB or higher, increasing the eligible provincial contractors to four in the Northern Cape and to 27 in Mpumalanga.

A rigorous three-stage competitive negotiation procurement process was adopted to ensure that qualifying contractors were sourced. This process is described in the Chapter dealing with procurement. The Tender Evaluation Committee included representatives from DHET, Wits, each of the respective universities (UMP and SPU) and each of the respective local municipalities (Mbombela and Sol Plaatje).

Calls for Expressions of Interest were advertised from 25 May 2014 on the New Universities Website and in newspapers, nationally and provincially as follows:

- Northern Cape: Sunday Times, Diamond Fields, Die Volksblad and Noordkaap;
- Mpumalanga: Sunday Times, Lowvelder, Nelspruit Post and Mpumalanga News.

At SPU, three framework contracts were awarded, to Trencon Construction, to Qualicon Construction and to Murray and Dickson Construction. Based in Gauteng, Trencon (CIDB GB9) was the largest 100% black-owned construction company in South Africa, with a B-BBEE Level 2 rating. It also boasted a black women ownership of 30%. Qualicon (CIDB GB7) had a B-BBEE Level 2 rating and was based in the Free State. Murray and Dickson (CIDB GB8) had a B-BBEE Level 3 rating and is based in Gauteng.

For the construction of UMP, two framework contracts were awarded to Trencon Construction and to Norse Projects. Norse Projects (CIDB GB8) is Mpumalanga-based and had a B-BBEE Level 7 rating.

On the positive side it was felt that contracts had been awarded to companies that:

- Have the proven capability to deliver the planned buildings on time, on budget and to the envisaged quality;
- By and large reflect a commitment to empowerment and positive transformation, with room to improve in the case of Norse Construction.

However, the outcome of the procurement process did not deliver the hoped for participation of provincially-based, Black-owned companies.

Table 11.1: Northern Cape - CIDB registered contractors in General Building (GB) category

Town	Active CIDB registered contractors							
	Grade 6		Grade 7		Grade 8		Grade 9	
	Tender value range							
	Up to R13m		Up to R40		Up to R130 m		> R 130 m	
	Total	% PE*	Total	% PE*	Total	% PE*	Total	% PE*
Barkley West	-	-	1	100%	-	-	-	-
Calvinia	1	100%	-	-	-	-	-	-
Danselruil (142km from Kimberley)	1	100%	-	-	-	-	-	-
Kimberley	5	100%	1	100%	-	-	-	-
Kuruman	-	-	1	0%	-	-	-	-
Springbok	-	-	-	-	1	0%	-	-
Upington	3	100%	-	-	-	-	-	-
Total	10	100%	3	67%	1	0%	-	-

Table 11.2: Mpumalanga - CIDB registered contractors in General Building (GB) category

Town	Active CIDB registered contractors							
	Grade 6		Grade 7		Grade 8		Grade 9	
	Tender value range							
	Up to R13m		Up to R40		Up to R130 m		> R 130 m	
	Total	% PE*	Total	% PE*	Total	% PE*	Total	% PE*
Nelspruit	35	94%	6	100%	2	0%	1	100%
Outside of Nelspruit but within 150 km from Nelspruit	11	82%	6	83%	2	50%	1	100%
Greater than 150 km from Nelspruit	34	94%	8	100%	1	100%	-	-
Total for Mpumalanga Province	80	93%	20	95%	5	40%	2	100%

*Potentially emerging enterprise, owned, managed and controlled by black people

In the Northern Cape only one of the four eligible contractors in the province registered in Grades 7 and 8 submitted an Expression of Interest (EI), and this was eliminated due to the poor quality of the submission.

In Mpumalanga the response was less acceptable, with only two submissions, received from 27 potentially eligible contractors in the province (Grades 7 – 9) of which 21 were black owned companies. One of the submissions was from a grade GB9 Black-owned company and was of poor quality. The other was from a grade GB8 company that went on to be awarded one of the contracts but had a low empowerment rating.

11.3 BOLSTERING PROVINCIAL PARTICIPATION

In alignment with the outline construction delivery strategy, specific development objectives were firmly integrated into the procurement strategy over and above the requirement to ensure competent, cost-effective and timely completion of campus buildings and infrastructure. Through the procurement strategy, the development objectives were translated into specific key performance indicators (KPIs) with required targets as follows:

- Local participation goal relating to the employment of local people, local subcontractors and local suppliers of between 30% and 50%, and in Nelspruit as high as 95%;^[11-2]
- Broad-based black economic empowerment spend of 60% calculated in accordance with the scorecard for preferential procurement;^[11-3]
- Direct employment goal (percentage of the total number of equivalent days worked by people employed on the site who are local) of between 30% and 95% with sub-targets for youth and women;^[11-4] and
- Skills development goal (skills development opportunities which result in nationally accredited outcomes) of 250 hours per million rand expenditure.^[11-5]

Low performance damages were included in the contracts to encourage contractors to achieve the targets.

As reported later, these targets were ultimately met on all except one contract at SPU, where the client was forced to invoke low performance damages of over R700 000. It was also anticipated that the minimum requirements set out above would be increased as contractors became increasingly familiar with the environment and the potential of the local construction capacity. This expectation materialised in mid-2016 when both universities took over the next stages of the projects.

The client invested R 1 233 222 in the development of a provincial supplier database to facilitate access by local subcontractors and suppliers, who were encouraged to register their interest in participating in the construction programme by

completing an application form available from the Construction Website specifically set up for this purpose. Links to the Construction Website were available from the respective university websites and NUPMT website. Applicants were required to submit their applications either by hand or by post to a central point where they could be validated and captured on the database. The aim was to use the database to link the demand for goods and services generated by the construction projects to the supply within the respective provinces. Such a

SPU Supplier Database

By May 2017, the SPU supplier database carried a total of 312 provincial vendors, reflecting their BBBEE status, locality and reference. Most were from Kimberly.

Types of trade listed include general, masonry work, heating, ventilation and air conditioning, electrical works, audio-visual installations, fencing and hoarding, in site concrete, metal works, furniture and kitchen equipment, landscaping, painting, carpentry, demolitions and site clearances, data network cabling, laboratory services, building management systems, earthworks, CCTV, burglar alarms and access control, ceilings, partitions and access floors,

list had to provide verified information to enable the contractors to make informed commercial decisions regarding the potential capability and capacity of such enterprises.

11.4 ACHIEVEMENT OF CONSTRUCTION DEVELOPMENT TARGETS

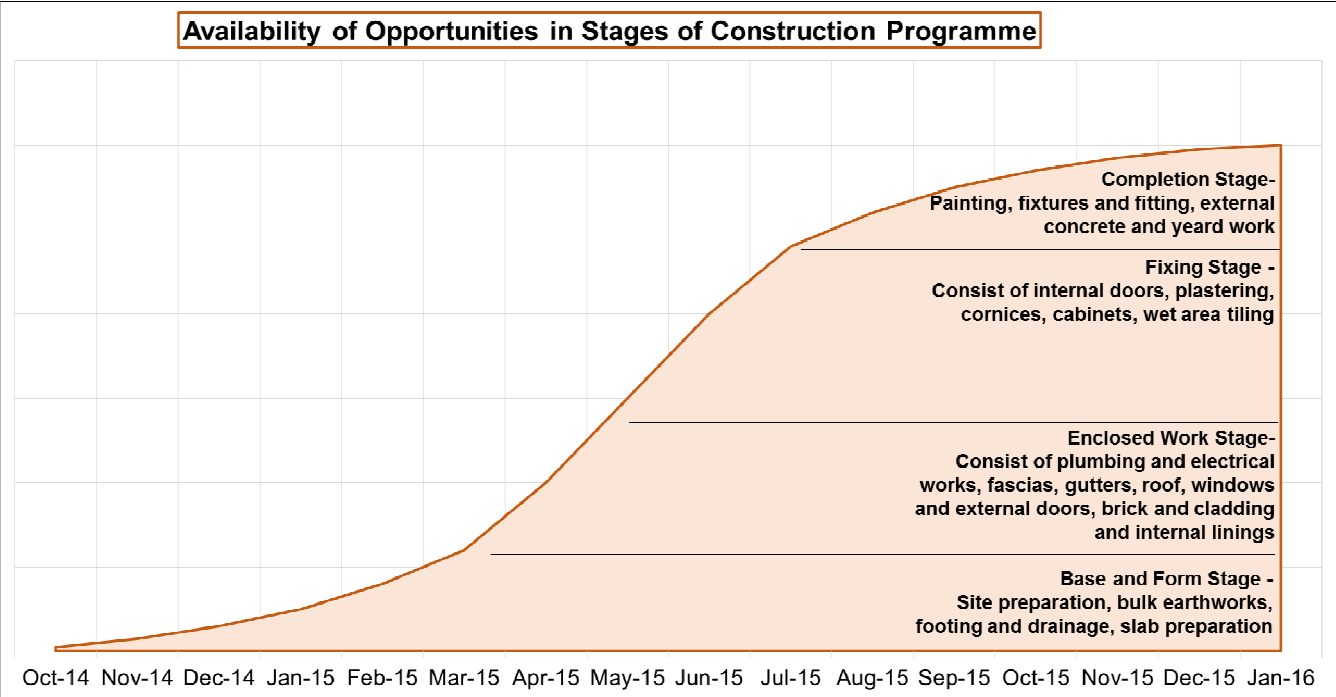
Following the refinement of the construction costs, the project managers at both universities worked with the Contractors to establish the targets based on the KPIs. The construction development targets are set out in the Table 11.3.

Table 11.3: Construction Development Targets

Key Performance Indicators	SPU Targets	UMP Targets
1. Expenditure on the employment of local sub-contractors and suppliers as well as labour	R179 million	R200 million
2. Direct employment of local labour in terms of the number of person days worked by local people	Employment of 266 persons on average for the full contract period	Employment of 327 persons on average for the full contract period
3. Broad-based Black Economic Empowerment spend aligned with the scorecard for preferential procurement	R245 million	R186 million
4. Skills development towards nationally accredited outcomes		
Method 1: structured work experience learning opportunities towards a part or a full occupational qualification	21 220 Hours (2 625 Days)	30 796 Hours (3 422 Days)
Method 2: structured work experience learning opportunities for apprentices or other artisan learners	29 130 Hours (3 641 Days)	47 972 Hours (5 325 Days)
Method 3: work integrated learning opportunities for University of Technology or Comprehensive University national diploma students	25 707 Hours (3 213 Days)	31 944 Hours (3 549 Days)
Method 4: structured work experience opportunities for candidates towards registration in a professional category of registration	13 443 Hours (1 680 Days)	12 834 Hours (1 426 Days)

It is worth noting that the scale and the scope of opportunities for the provision of goods, services and labour are dependent on the stages of the construction programme. During the base and form stage there is limited opportunity for sub-contractors and suppliers. An increasing range of opportunities become available during the next stages, as indicated in Figure 11.3. During the early stages (site preparation, bulk earthworks, footings and concrete slabs) there is limited opportunity for sub-contractors and suppliers. An increasing range of opportunities becomes available during the subsequent stages.

Figure 11.3: Availability of opportunities in stages of construction programme



Achievement of the targets set is described briefly below.

a) Target:- Employment

At the start of the construction programme in October 2014 a total number of 194 people was employed at the construction sites at SPU and UMP. This has since escalated rapidly to a total number of 1 353 for the month of March 2016. The number of local people employed was 878.

On average, 1 031 people have been employed on a monthly basis over this period of which 654 (63%) have been local. At the start of the construction programme, only seven women were employed on site. This number has since increased to 186 in March 2016. On average, the number of women represents 10% of workers employed on site. Nearly three-quarters (75%) of all workers employed on site are young people.

b) Target:- Skills development

The construction of South Africa's two new universities has enabled 545 people to access opportunity for structured workplace learning experience towards a qualification. The skills development goal is aimed at providing opportunities for structured work learning experience towards the achievement of a part or full occupational, artisanal or professional qualification. Contractors were required to provide four methods of structured work learning opportunities towards the attainment of:

- A part-, or full occupational qualification registered on the National Qualification Framework (Method 1);
- A trade qualification leading to a listed trade (Method 2);
- A national diploma registered on the National Qualification Framework (Method 3); or
- Registration in a professional category by a recognised professional body or statutory council (Method 4).

The focus on structured workplace learning responds directly to the difficulties experienced by many learners who struggle to find workplaces where they can complete the practical component of their qualifications. Since construction started in October 2014, a total of 545 learners were provided with 41 537 days of workplace learning experience by the end of March 2016, as shown in the Table 11.4.

Table 11.4: Skills Development

	SPU		UMP		Examples of Qualifications
	Days	Learners	Days	Learners	
Method 1	8 774	176	10 194	99	Scaffolding Inspector & Erector; Working at Heights; Shot fixing; Safety, Health and Environment; Banksman; First Aider; Crane Operator; Dumper Operator; and Telehandler.
Method 2	5 585	57	7 473	160	Plumber; Carpenter; Plasterer; Welder; Bricklayer; Power Floating Supervisor; Tiler; and Scaffolding/Formwork.
Method 3	3 329	16	2 636	18	National Diploma: Civil Engineering; and National Diploma: Building Science.
Method 4	2 165	5	1 381	14	Quantity Surveyor; Engineer; Construction Manager.
TOTAL	19 853	254	21 684	291	

Furthermore, at SPU links were established with Sector Education and Training Authorities to support work-place based learning opportunities for their learners. Fifty bricklayers were able to complete their qualifications as a result of a partnership with the Construction Education and Training Authority (CETA). Five female learners were also provided with an opportunity to complete their N6 Diplomas in Marketing Management, Management Assistant, Public Management, and Human Resources Management, as a result of collaboration with the provincial office of the Education and Training Development SETA (ETDP SETA).

c) Target:- Local Expenditure

Contractors at the UMP were able to exceed their target on local expenditure as early as March 2015. Contractors had jointly committed to achieving 44% of construction spend on local expenditure. At the end of March 2016, Contractors had spent 73% of total construction spend locally on local labour, sub-contractors and suppliers amounting to R174 million as shown in the Table 11.5.

LEARNING BY DOING

Twenty-four year old Tsietsie Maropane hails from Bushbuckridge but now resides in Msholozzi Village outside Nelspruit where he has found work at the UMP construction site. He has received Method 1 workplace learning opportunities to apply what he had learnt in the Scaffolding and Baseline Risk Assessment for Rigging course. Tsietsie sees this opportunity as a stepping-stone towards becoming an Excavator Operator. His colleague on site, Xolile Nyundu (21), is studying a Diploma in Carpentry at the Mpumalanga Regional Training Trust (MRTT). She has gained valuable experience and hopes to start her own carpentry business in the near future.

There are many learners on site undertaking their studies at TVET colleges such as the MRTT. Dimakatso April from Kimberley has a National Diploma: Building and has registered part-time for a B.Tech: Quantity Surveying. She was recruited by one of the community liaison officers (CLOs) of the SPU construction site as a junior quantity surveyor while completing her studies. She says she can now better relate the theory to the practical work on site and has learnt that teamwork on a construction site is probably the most important factor for success. Her colleague, Keelan van Gensen, says he is very fortunate to have been able to access this workplace learning opportunity in order to complete his Civil Engineering Diploma at Central University of Technology (CUT). He will be able to graduate in 2016 since he finished his practical training of 240 days in December 2015.

Contractors at the SPU made a slower start and were only able to achieve the targeted level of local expenditure of 36% by September 2015. By the end of March 2016, Contractors achieved local expenditure of 38% of construction spend, amounting to R188 million.

Table 11.5: Local Expenditure

	Total Actual Spend to Date	% Target of Local Expenditure	Actual Local Expenditure Spend	Actual %
SPU	R 502 312 001.95	36%	R 188 254 116.65	38%
UMP	R 237 820 000.00	44%	R 174 130 000.00	73%

In total, the first phase of the project (October 2014 to March 2016) has contributed R362 million directly into the local economies of Nelspruit and Kimberley through spending on local labour, sub-contractors and suppliers. Local expenditure represents a direct investment into the provincial economy and does not take into account the multiplier effects resulting from salaries, wages and profits.

d) Target:- Broad-based Black Economic Empowerment

Contractors were required to spend 60% of procurement on Broad-based Black Economic Empowerment (B-BBEE). The calculated B-BBEE procurements amounted to R195 million (88%) and R327 million (78%) by contractors at UMP and SPU respectively as shown in the Table 11.6:

Table 11.6: Broad-based Black Economic Empowerment

	Total Actual Procurement Spend	B-BBEE Target as a % of Procurement Spend	Calculated B-BBEE Procurement Spend	Actual %
SPU	R 423 061 711.32	60%	R 327 919 489.66	78%
UMP	R 218 910 000.00	60%	R 195 830 000.00	89%

Main contractors have continued to identify and work with capable local sub-contractors and suppliers. Contractors have also identified sub-contractors with potential for development, and provide mentoring and skills development support to optimise their growth potential. Joint ventures are increasingly considered as a meaningful way to build capacity as smaller construction companies are exposed to the technical requirements of large projects.

At SPU, a Sub-contractor Incubation Project (SCIP) has been initiated to deliver targeted business development and technical support to sub-contractors. The construction of the Sol Plaatje University is a ten-year programme. This provides opportunity to take a long-term view on the development of sub-contractors and suppliers that are able to increase their workload and quality of delivery over time.

The SPU construction programme provides a platform for the identification of local, black-owned companies that can be developed. This involves the identification of sub-contracting

LEARNING BY DOING

Nhlanhla Mathebula is the owner of Baphi Investments. The construction company entered into a joint venture with one of the main Contractors at UMP, Norse Projects. Baphi Investments was established in 2006 as a company specialising in building, carpentry and joinery with a 5GB PE CIDB grading. Baphi Investments has built a good reputation as a local building construction company, which led to their appointment on this project

Nhlanhla stated that the opportunity to be a part of this large development has provided a platform for Baphi Investments to gain more exposure in the construction industry and access future work opportunities through working with a local large-scale contracting company as well as with experienced consultants. Future plans for Baphi Investments include investing in additional plant and equipment and gaining more experience to build capacity to construct mega structures. Partnering with Norse has given the company the confidence to take on larger projects.

and supplier opportunities, identifying participant SMEs, linking these enterprises into the main contractors and working with the enterprises to develop their capacity over time.

This initiative is a collaboration between Small Enterprise Development Agency (Seda), Small Enterprise Funding Agency (SEFA) and Anglo American Zimele (Community Fund) and the Sol Plaatje Municipality. The initiative is starting to bear fruit. For example, when Shebang Construction started on site, this female and black-owned sub-contractor had 10 employees and had a Construction Industry Development Board (CIDB) grading of 1. This sub-contracting company now employs 40 people and has increased its CIDB grading designation to 4.

11.5 COMMUNICATION

Extensive and relevant communication has been critical to successful construction implementation. For construction delivery at the University of Mpumalanga, the NUPMT consulted extensively with members of the former NIHE: Mpumalanga on the development of an apposite communication strategy^[11-6]. The strategy aimed to ensure that the construction work at the UMP would both take on board the relevant stakeholders in the province, and address local economic development.

The primary aim of the strategy was to ensure the continued support for the project by the people of the province. The experiences learnt from the challenges, community interest, and the continuous interaction shown by the local communities during the renovation work undertaken at the Siyabuswa Campus provided a valuable point of reference.

It was agreed that the NUPMT would create a platform solely for information sharing, advice seeking, reporting back and medium level consultation with the identified stakeholders. Scheduled meetings with the stakeholders would have to be held regularly, and appropriate and adequate information shared with the members. Table 11.7 presents the suggested stakeholder representatives, though in practice the final representation was probably not as rigorously implemented. A similar approach was adopted at SPU, with the major focus on the relevant municipal representatives

It was agreed that the emphasis should be on communication and that the more that people were aware of what is going on in and around their communities, the better. To kick-start the process in October 2014, the NUPMT developed comprehensive communication packs outlining the construction procurement outcomes, the focus on mobilising provincial participation, the monitoring of development targets and the regular communication of progress. The packs included a “frequently asked questions” section and a description of the first buildings to go on site, complete with Architects’ renderings. ^{[11-7], [11-8]}

Table 11.7: Suggested Stakeholder Representation at UMP

Stakeholder Group	No. of reps	Notes/comment
Provincial Government	1	The representative should come from the Premier's Office, nominated by the Premier
Ehlanzeni District Municipality	1	<ul style="list-style-type: none"> • The representative to come from the Office of the Executive Mayor. • Each District Municipality also represents its local municipalities and it is thus assumed that information will be communicated through to the local municipalities.
Nkangala District Municipality	1	
Gert Sibande District Municipality	1	
Mbombela Local Municipality	1	<ul style="list-style-type: none"> • The representative to come from the Office of the Executive Mayor. • This Local Municipality is to be represented as it the resident municipality of the University.
House of Traditional Leaders	1	The representative to come from the House.
Lowveld Chamber of Business	1	<ul style="list-style-type: none"> • One representative to come from each chamber. • If the chambers are not representative enough, other chambers would be invited to submit a representative.
Highveld Chamber of Business	1	
Mpumalanga Council of Churches	1	The representative to come from the Council.

Most important was the regular feedback on project development commitments to the municipal representatives whose communities were active stakeholders in the delivery process. At SPU, the project established a six-page monthly journal^[11-9] that dealt specifically with progress towards these commitments. Its first modest edition came out in June 2015 and since then it has reflected the increasing success of local participation in terms of real people.

Fig 11.3: SPU On-Site Newsletter & extract



VOLUME 1 ISSUE 1

Local expenditure

The local expenditure target, measured in terms of money spent on local labour and provincial/ local sub-contractors and suppliers is R156 million.

As at the end of April 2015, the actual expenditure for the construction programme totaled an amount of R117 919 974.56. Of this amount, the Contractors have spent R33 085 996.27 directly on the provincial/ local economy. This represents 28.1% of total ex-

penditure and is getting closer to the target of 35%.

Furthermore, it is expected that the local expenditure will increase significantly as Contractors have already entered into commitments with provincial/ local sub-contractors and suppliers to the value of R88 338 114.82.

The project managers are working closely with local business formations such as

A local sub-contractor perspective

Ms. Elizabeth Masilo, the owner and founder of S&D Remmogo, has recently started as a sub-contractor for Murray and Dickson. Her business is the first female and youth-owned enterprise on site. She has been appointed to do brick laying. The main Contractor, Murray and Dickson,

is pleased with the work done by S&D Remmogo.

Ms Masilo says that she has worked hard and is very proud of her Development Board (CIDB) GB2 grading. She currently employs 11 local workers. "I appreciate the opportunity to be part of this historic construction programme,"



Ms Elizabeth Tshepisho Masilo, S&D Remmogo

11.6 KEY INSIGHTS ON ACHIEVING CONSTRUCTION DEVELOPMENT GOALS

The achievement of construction development goals requires the special commitment of key role players – project managers, contractors and local stakeholders such as municipal authorities. The approach and attitude of project managers to the development agenda plays an important role. Project managers signal to the contractors and the rest of the stakeholder community how seriously the client regards the achievement of the development goals.

Tight time frames pose the risk of undermining efforts to promote construction development since contractors tend to fall back on their established relationships with suppliers and sub-contractors under such conditions. Developing new relationships with local Black suppliers and sub-contractors takes time and this must be factored into the roll-out of the project.

The following are some insights gleaned that can improve and strengthen the achievement of development objectives:

- **Client-driven** – The client is the custodian of development outcomes and must ensure that contractual arrangements and performance monitoring and evaluation drive their attainment. The client has the responsibility to balance competing interests so that both the primary objectives of time, cost and quality are achieved together with the desired development outcomes. This balancing responsibility must take account of the fact that the development goals are part of the project's risk management strategy. If the client's commitment is not 100% behind the development goals, they are not likely to be realised.
- **Buy-in by stakeholders** – Project manager and contractor buy-in and commitment to construction development is critical to the achievement of the desired outcomes. Unless these critical stakeholders are committed to attainment of development objectives (not as a matter of compliance, but as an important outcome and contribution of the project) there is also little chance of success in this regard. Their commitment is assisted by a longer term (e.g. three year) framework contract rather than a one-off project.
- **Contractually enforceable targets** – The procurement documents need to unambiguously specify KPIs in a contractually enforceable manner. The consequences of failing to attain KPIs also need to be established in the contracts i.e. the quantum of low performance damages
- **Monitoring systems** – The establishment of sound monitoring systems to track progress is critically important for providing the necessary information to evaluate performance. There needs to be continuous review of performance data between project managers and contractors. This enables early identification of challenges and introduction of corrective measures where contractors lag behind the targets.
- **Supporting measures** – It is necessary to experiment with a range of measures to support the development of suppliers and sub-contractors. Involvement by local stakeholders that have a role in small business or small contractor development should be encouraged in order to access the necessary technical and financial resources to support the participation of such stakeholders.

- **Community liaison** - Effective community liaison plays a key role in mobilising stakeholders, including potential suppliers and sub-contractors. The function is also a key interface between the project and the wider community and can provide early warning of challenges that may arise as a result of the perceived or real exclusion from the project of potentially legitimate suppliers and sub-contractors.





Fig 11.4: Promoting and achieving Construction Development Goals

REFERENCE DOCUMENTS

11-1 Client's Outline Construction Delivery Strategy

11-2 NUPMT Specification for local participation in engineering and construction contracts

11-3 NUPMT Specification for B-BBEE spend in engineering and construction contracts

11-4 NUPMT Specification for direct employment generated in engineering and construction contracts

11-5 NUPMT Specification for developing skills that result in nationally accredited outcomes through infrastructure contracts

11-6 Stakeholder Engagement and Local Economic Development

11-7 Construction moves up a gear – SPU

11-8 Construction moves up a gear – UMP

11-9 On Site – construction programme update