

**CONSTRUCTION
INDUSTRY
DEVELOPMENT
BOARD**

Annual Performance Plan
2021/22

ABBREVIATIONS

ABMS	Anti-Bribery Management System
BBBEE	Broad Based Black Economic Empowerment
CDP	Contractor Development Programme
CE	Civil Engineering (Class of works)
CID	Construction Industry Development (Regulations)
CRM	Customer Relationship Management
Cidb	Construction Industry Development Board
DBSA	Development Bank of Southern Africa
DPWI	Department of Public Works and Infrastructure
EB	Electrical Engineering (class of works)
GB	General Building (class of works)
GFCF	Gross fixed capital formation
GTAC	Government Technical Advisory Centre
ICT	Information and Communication Technology
IDC	Independent Development Corporate...
IDMS	Infrastructure Delivery Management System
NCDP	National Contractor Development Programme
NDP	National Development Plan
NDPIP	National Development Plan Five Year Implementation Plan
NSF	National Stakeholder Forum
OD	Organisational Design
PICC	Presidential Infrastructure Coordinating Commission
PE	Potentially Emerging
PPPFA	Preferential Procurement Policy Framework Act
PSETA	Public Service Sector Education and Training Authority
ROC	Register of Contractors
ROP	Register of Projects
SANS	South African National Standard
SCM	Supply Chain Management
SME	Small and Medium Enterprises
SOC	State owned companies
SW	Specialist Works (class of works)
TID	Technical indicator descriptor
USA	United States of America
VRP	Voluntary Rebuilt Program

EXECUTIVE AUTHORITY STATEMENT

It gives me great pleasure presenting the 2021/22 Annual Performance Plan (APP) of the Construction Industry Development Board (cidb). The cidb's APP sets out the focus areas in the 2021/22 financial year and during the MTEF, in order to implement the Strategic Plan, to contribute to the National Development Plan priorities and to address stakeholder needs and aspirations.

The implementation of the Annual Performance Plan has been hampered by challenges emanating from the impact of the Covid-19 pandemic, which propelled the entity to revise the strategic outcomes, outputs and also adjust the financial projections to ensure the organisation's Five-Year Strategic Plan 2020/25 is achieved. This Annual Performance Plan 2021/22 covers the second-year progress towards the cidb Five Year Strategic Plan 2020/25.

The outbreak of the Covid-19 pandemic in March 2020 found a vulnerable South African economy that had already experienced two consecutive quarters of a recession. Covid-19 resulted in deepening the economic crisis to enormous proportions, where the Construction Sector has been the hardest hit, with many people losing their jobs and businesses closing their doors.

South Africa's Infrastructure Investment Plan and the Economic Reconstruction and Recovery Plan have accordingly been developed with infrastructure being the main driver in resuscitating the economy. SA's Infrastructure Investment Plan is about achieving spatial and economic justice by connecting our people, integrating our communities and bring people closer to work opportunities. Infrastructure is not just about cold, hard buildings but if we look deeper, we can see that it is about giving communities access to water, sanitation, decent roads and bridges or access to government services including clinics, schools, police stations and magistrates courts in an integrated, sustainable way, thereby reversing the legacy of our apartheid past. The overall objective is therefore about giving people access and dignity and changing people's lives for the better.

One of the key stakeholders in driving the implementation change is the cidb, especially with its collective focus in driving increased infrastructure delivery through improved coordination and partnerships across both the public and the private sector. The cidb plays an integral role in this process through its procurement reform, industry performance, development and transformation mandate, which are underpinned by the Register of Contracts (RoC) and the Register of Projects (RoP). Refinements are, however, needed in the application of both Registers before their full potential is realised. The RoC has been the focus of attention at several meetings of the legislated National Stakeholders Forum (NSF). I have requested that the cidb develops clear solutions to resolve the issues raised by stakeholders through the NSF and to report back on progress.

On 18 September 2020 the Best Practice Fee Regulations were gazetted. The Regulations enable the cidb to activate its development support strategy. This will commence from 01 April 2021 and will be implemented in a phased manner across public sector client departments as well as private sector clients who will be required to invest, above approved thresholds, a proportion of project spend on enterprise development and on skills development. It is critical that the level of compliance with the RoP in terms of clients registering their projects with the cidb is improved so that the developmental benefits from the Best Practice Scheme are realised.

A further key intervention identified and formalised out of the NSF was the review of the codb Act of 2000 with one of the main focus areas of the review being related to increased black-ownership and participation as well as increased woman-ownership and participation within the construction industry. The Department, in consultation with the cidb has already initiated this process with the aim of concluding the review within the 2021/22 financial year.

Accelerated development is required in order to lift our nation out of the triple challenges of poverty, unemployment, inequality and overcome the Covid-19 challenges, especially within the Construction Sector. The cidb must keep the vision for an inclusive and transformed society at the forefront so that all interventions and deliverables contribute to this vision.

I would like to thank the Board and Executive Management for their leadership in aligning the Annual Performance Plan with the seven key national priorities and embracing the infrastructure tasks at hand as partners with the Department and Infrastructure South Africa. I am confident that the Board and Executive Management will gear the cidb towards the achievement of the performance targets set out in this 2021/22 Annual Performance Plan as we together work towards the new normal in service delivery excellence.

P. de Lille

.....
Honourable Patricia De Lille, MP
Minister of Public Works and Infrastructure

ACCOUNTING OFFICER STATEMENT

The 2021/22 Annual Performance Plan (APP) is designed to achieve the impacts and outcomes of the cidb goals and contributes to the objectives of the National Development Plan (NDP) and Medium-Term Strategic Framework (MTSF).

The Annual Performance Plan is anchored by the following five cidb pillars with action plans to support government objectives and the desired NDP outcomes:

- 1) **Transformation:** To transform the construction industry by increasing ownership and participation of black and women-owned contractors and increases participation of youth in the sector.
- 2) **Development:** To provide mechanisms and support for enterprises to be competitive and sustainable and to deliver value for money within the construction industry.
- 3) **Ethics:** To regulate the construction industry in the public interest to ensure a fair, inclusive, ethical, transformed, enabling and reputable construction environment.
- 4) **Clients Performance:** To capacitate client departments to increase infrastructure budget, which will stimulate economic growth.
- 5) **High-Performance Organisation:** To transform the cidb into an effective, efficient and appropriately structured, well-governed and sustainable institution.

This plan was guided by the outcomes of the National Stakeholder Forum (NSF), the result of the cidb's five-year review, cidb mandate and the mandate of the Department of Public Works and Infrastructure which was expanded to incorporate the Presidential Infrastructure Coordinating Commission (PICC).

The cidb contribution to a transformed and developed construction industry was dealt a blow due to poor economic conditions which was exacerbated by the impact of the Covid-19 pandemic. However, there are green shoots emerging. Government's economic recovery plan is underpinned by infrastructure investment and this bodes well for the development of the construction industry.

Tangible developments include government's R 100 billion infrastructure fund and the Covid-19 Loan Guarantee Scheme of R 100 billion, with the option of increasing it to R 200 billion. The cidb's direct contribution to transformation and development was given a boost with Minister De Lille gazetting the Best Practice Project Fee in September 2020. This signals a significant milestone in the evolution of the cidb and will enable the implementation of cidb's development support strategy.

The state of the economy hampers transformation and development due to inadequate infrastructure projects rolled out. The cidb will enhance its support to client departments on implementing the Infrastructure Delivery Management System (IDMS).

The Covid-19 pandemic has contributed to challenges in the operating environment, which have impacted on service delivery imperatives. financial resources. This necessitated the cidb to review some of the output indicators in the 2021/22 Annual Performance Plan (APP).

The cidb has prioritised delivering services effectively through the optimisation of resources and harnessing technology in the delivery of our services. In 2021/22 further core services of the cidb related to contractor registration will be provided through cidb online platforms which will make the process easier and improve integrity in the process. We will continue with the organisation development strategy including migrating cidb provincial offices towards offering advisory services to client departments, contractors and other stakeholders.



Mr C V Gamede

Chief Executive Officer

OFFICIAL SIGN-OFF

It is hereby certified that this Strategic Plan:

1. Was developed by the management of the cidb under the guidance of the Board
2. Takes into account all the relevant policies, legislation and other mandates for which the cidb is responsible.
3. Accurately reflects the Impact, Outcomes and Outputs which the cidb will endeavour to achieve over the period 2021/22.

Head of Strategic
Planning Services



15 March 2021

Chief Financial Officer



Date

15 March 2021

Chief Executive Officer



Date

15 March 2021

Chairperson of the Board

Date

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PART A - OUR MANDATE

1. Updates to the Legislative and Policy Mandates

The cidb is a statutory body established under the Executive Authority of the Department of Public Works and Infrastructure (DPWI) and enabled by the Construction Industry Development Board Act 38 of 2000 (CIDB Act), from which it derives its mandate.

The Objects of the Act contextualise the mandate of the cidb, and can be summarised as follows:

- a) **Provide strategic leadership** to construction industry stakeholders, developing effective partnerships for growth, reform and improvement of the construction sector.
- b) **Promote the sustainable growth** of the construction industry and the **participation of the emerging sector** in the industry.
- c) Determine, establish and promote **improved performance and best practice** of public and private sector clients, contractors and other participants in the construction delivery process.
- d) Promote the uniform application of policy throughout all spheres of government and promote uniform and ethical standards, construction procurement reform, and **improved procurement and delivery management** – including a code of conduct.
- e) Develop **systematic methods** for **monitoring** and **regulating** the performance of the industry and its stakeholders, including the **registration of projects and contractors**.

The CIDB Act forms the basis of the cidb strategy and impact statements under the current planning framework.

Other key legislation includes:

- i. Public Finance Management Act, 1999 (Act No. 1 of 1999)
- ii. Broad-based Black Economic Empowerment Act (B-BBEE Act)
- iii. Municipal Finance Management Act (MFMA)
- iv. Preferential Procurement Policy Framework Act (PPPFA)
- v. Council for the Built Environment Act, 2000 (Act No 38 of 2000)
- vi. State Land Disposal Act (Act No.48 of 1961)
- vii. Expropriation Act (Act No 63 of 1975)
- viii. Land affairs Board (Act No 101 of 1987)
- ix. National Environmental Management (Act No .107 of 1998)
- x. Occupational Health and Safety Act (Act No 181 of 1993)
- xi. National Regulations and Building Standards Act (Act No 103 of 1977)
- xii. Infrastructure Development ACT (Act No 23 of 2014)
- xiii. Water Service Act (Act 108 of 1997)
- xiv. Skill Development Act 1998
- xv. Property Sector Transformation Charter 2007 (Charter 2007)
- xvi. Green Building Framework, 2001
- xvii. Public Audit Act (PAA)
- xviii. Labour Relations Act (LRA)
- xix. Employment Equity Act
- xx. Basic Conditions of Employment Act (BCEA)

2. Updates to Institutional Policies and Strategies

The cidb's strategy to achieve what is reflected in the NDP, and the seven key priorities of government has been hampered by the impact of Covid-19, resulting in the revision and adjustment of the strategic outcomes and budget projections.

The seven key priorities of government are as follows:

- i. Economic transformation and job creation

- ii. Education, skills and health
- iii. Consolidating the social wage through reliable and quality basic services
- iv. Spatial integration, human settlements and Local Government
- v. Social cohesion and safe communities
- vi. A capable, ethical and developmental State
- vii. A better Africa and world

The policies and priorities to be achieved and aligned to the DPWI priorities and cidb strategic outcome are reflected in the below tables. Furthermore the strategies are covered in the situational analysis.

Table: The cidb alignment to the seven priorities and outcomes of DPWI.

DPWI OUTCOME STATEMENT	DPWI OUTCOME INDICATORS	CIDB OUTCOME INDICATOR	DPWI OUTPUT INDICATOR	CIDB OUTPUT INDICATOR
Outcome 1: A resilient, ethical and capable DPWI	Balanced scorecard	Clean Audit	1. Ethics and fraud perception rating	1. Number of fraud awareness workshops conducted
			2. Compliance rate	2. Percentage of expenditure spent on B-BBEE compliant suppliers
			3. Percentage performance information Level	3. Percentage of performance target achievement
			4. Percentage financial performance level	4. Percentage of revenue collections
			5. Percentage vacancy rate	5. Percentage of all vacancies filled
			6. Designated groups in SMS level in the Department (Women and PWD)	6. Employment equity target
			7. Percentage business process automation	7. Business Process Reengineering
			8. Number of business solutions for digitisation	8. Online registration project and system integrations
Outcome 2: Integrated Planning and Coordination	National Infrastructure Plan (NIP) Developed	Monitor implementation of projects against the National Infrastructure Plan	1. Number of infrastructure implementation plans reviews	1. Monitor implementation of projects against the National Infrastructure Plan
			2. Sector performance reviews	2. Construction Monitor reports
			3. Number of beneficiaries participating in the DPWI's skills Pipeline Intervention Programmes	3. Number of learners offered experiential learning opportunities

			4. Percentage of Implementation of the Provincial Department of Public Works Capacity Building Programmes aligned to the Skills Pipeline Strategy	
Outcome 3: Productive assets	Productive Asset Index	1. The National Immovable Asset Maintenance Management Standard 2. Green Building Standard	1. Number of infrastructure projects completed within approved budget	1. Monitoring of Infrastructure budget spent
			2. Number of infrastructure sites handed over for construction	2. Capital project verification
			3. Number of infrastructure projects completed	3. Number of non -registered projects identified against the Register of Projects
			4. Number of Projects completed within agreed construction period	4. Register of Project compliance report
Outcome 4: Sustainable Infrastructure Investment	Infrastructure Investment as a percentage of GDP	1. The National Immovable Asset Maintenance Management Standard 2. client departments capacitated on IDMS 3. Monitor Infrastructure budget spend	1. Number of Business Opportunities that create actual jobs 2. Number of condition assessments conducted on identified / prioritised properties 3. Number of critical components assessed to determine the conditions of components (lifts, boilers and security)	1. The National Immovable Asset Maintenance Management Standard 2. Report on Infrastructure spend
Outcome 5: Transformed Built Environment	1. Participation Rate	1. Increased black, women, youth ownership and participation	1. Percentage of Implementation of the Provincial Department of Public Works Capacity Building Programmes aligned to the Skills Pipeline Strategy	1. Number of TVET Colleges participating in WorldSkills SA 2. Number of learners offered experiential learning opportunities

	2. Built Environment Skills Levels (%)	<ol style="list-style-type: none"> 1. TVET colleges learners participating in WorldSkills SA 2. Client departments capacitated on IDMS 3. Learners offered experiential learning opportunities 4. Centres of Excellence 5. Post Graduate Conference 	2. Number of Beneficiaries participating in DPWI's Skills Pipeline Intervention Programmes	
	3. Legislative Support to Built Environment	<ol style="list-style-type: none"> 1. Review contractor registration criteria 2. Improve Regulation related to contractor registration 3. Regulate Professional Service Providers 4. Drive cidb development support strategy and Best Practice Fee 		
Outcome 6: Optimised Job Opportunities	Number of sustainable jobs created through DPWI programmes	<ol style="list-style-type: none"> 1. Grade 2 to 6 contractors provided with contractor development support 2. Learners offered experiential learning opportunities 3. Job funds in partnership with National Treasury 4. Implementation of National Contract Development Programme (NCDP) 5. Implementation of Best Practice Assessment Scheme 	6. Number of Beneficiaries participating in the DPWI's skills Pipeline Intervention Programmes	<ol style="list-style-type: none"> 1. Number of client departments capacitated on IDMS 2. Number of TVET Colleges participating in WorldSkills SA 3. Number of Learners getting experiential learning
Outcome 7: Dignified Client Experience	Quality Service Delivery Rating	1. The National Immovable Asset Maintenance		

		Management Standard		
		2. Green building initiatives		
		3. Standard for Uniformity (SFU)		

Table - shows linkages between APP and SP indicators that contribute towards realisation of the cidb outcome.

Outcome 1.1: Increased Black Ownership and participation	
SP Indicators	APP indicators
1.1.1 Percentage black ownership of grade 7 to 9 contractor development	1. 6 Number of research studies conducted 1.7 Number of revised registration criteria
1.1. 2 Access to work of black -owned contractor enterprises	1.8 Number of industry monitoring and evaluations conducted
1.1.3 Percentage of youth ownership across all grades	1.12 Number of learners offered experiential learning opportunities
Outcome 1.2 Increased woman ownership and participation	
1.2.1 Percentage of woman-owned contractor enterprise in Grade 2 to 9	1. 6 Number of research studies conducted 1.7 Number of revised registration criteria assessment performance
1.2.2 Access to work of woman-owned contractor enterprises	1.10 Number of industry monitoring and evaluations conducted
1.2.2 Access to work of woman-owned contractor enterprises	1.12 Number of learners offered experiential learning opportunities
Outcome 1.3 Contractor development	
1.3.1 Percentage of woman -owned contractor enterprises upgrades	1. 6 Number of research studies conducted 1.8 Number of industry monitoring and evaluations conducted.
1.3.2 Percentage of black owned contractor enterprise upgrades	1.13 Number of client departments capacitated on contractor development. 1.14 Number of Grade 1 to 6 contractors provided with contractor development support. 1.15 Number of client departments capacitated on IDMS.
Outcome 1.4 Performance driven clients	
1.4.1 Percentage of municipality budget spend	1.11 Number of reports on public sector expenditure. 1.15 Number of client departments capacitated on IDMS.
Outcome 1.5 Reduced non-compliance and fraud	
1.5.1 Average number of compliance cases reported per annum	1. 8 Number of non-registered projects identified against the register of projects.
Outcome 1.6 Ethical and performance driven cidb	

1.6.1 Audit outcomes	1.9 Percentage of Grade 1 to 9 contractors registered within 21 working days for compliant applications
	1.1 Number of fraud Awareness Workshops for staff
	1.2 Percentage of system uptime
	1.3 Percentage of expenditure on BBBEE compliant suppliers
	1.4 Percentage of invoices paid within 30 days
	1.5 Number of stakeholders forum

3. Updates to Relevant Court Rulings

Case Number 615744/14 (Gauteng High Court)	
Applicant	Zikhulise Cleaning Maintenance and Transport CC
Judgment	The Judgement for the case reinforces the fact that, the prescribed procedures for investigating cases and of holding inquiries in terms of regulation 28 and 29 of the CID Regulations must strictly be followed and interpreted, and that there should be a clear distinction between charges falling under CIDB Act, the CID Regulations and the cidb Code of Conduct.
Remedial actions	For the board to fully comply with regulation 28 and 29, a policy document or standard operating procedures (SOP) has been developed, to; (a) ensure that processes followed by all parties involved in the investigations and inquiries are aligned with the SCA judgement (b) outline internal checklists and timelines to be followed by the cidb's representatives (c) ensure that all external appointees, such as the Special Investigations Unit (SIU), involved in the investigative processes fully comply with the cidb and their empowering prescripts
Progress on remedial action	All remedial actions have, in the interim, been put in place by the cidb investigation team, pending the board's approval of the standard operating procedures (SOP).

PART B - OUR STRATEGIC FOCUS

1. Vision, Mission and Values

Vision

The vision reflects the importance of the cidb as a catalyst for economic growth and job creation in South Africa. The emphasis is to build an industry that is inclusive and reputable, where all participants equally can drive the construction industry. The vision reads as follows:

A transformed construction industry that is inclusive, ethical and contributes to a prosperous South Africa and the World.

Mission

The mission statement emphasises the importance of a new set of strategic interventions that will support the cidb vision. The cidb needs to work with all industry partners in achieving these strategic interventions linked to its legislative mandate, functions and responsibilities. The mission is to drive a professional cidb that states as follows:

We exist in order to regulate and develop the construction industry through strategic interventions and partnerships.

Values

Core values must support the vision and mission through intrinsic behaviour change within the organisation to support the *Batho Pele* principles. The following values are a credo that needs to be supported with each action, word and deed.

- **Responsive** – *interrogate processes to be responsive to the needs and our mandate.*
- **Efficient**– *focus on the new direction and become efficient in what we do.*
- **Effective** - *focus on the new direction and become effective in what we do.*
- **Innovative**- *be creative in our doing and thinking; we cannot do business as usual.*
- **Ethical** – *stand out as a Reputable Regulator in which all stakeholders have trust in us.*
- **Accessible**– *take care of our clients, stakeholders and customers and to adjust to their needs.*
- **Agile**– *live in an environment that demonstrates change; therefore, we need to move quickly to achieve our approaches – with agility.*

2. Updated Situational Analysis

2.1 External Environment Analysis

The strategic focus of the cidb, as directed by the Board, draws from an assessment of the economic environment in South Africa with a focus on the transformation of the construction industry. In alignment with its mandate, the cidb has taken stock of dynamics within the industry in relation to national imperatives such as the National Development Plan, government’s approach to economic development through infrastructure investment, DPWI priorities as well as taking into account the impact of Covid-19 on the construction industry.

The external environment analysis covers four key areas as directed by the Board:

1. Transformation
2. Development
3. Performance
4. Compliance

2.1.1 Transformation

The cidb's vision for transformation of the construction industry is to increase ownership and participation of black and women-owned contractors and increases participation of youth in the sector. The RoC is one of vehicle to achieve this. The cidb’s approach towards transformation looks at two focus areas which are:

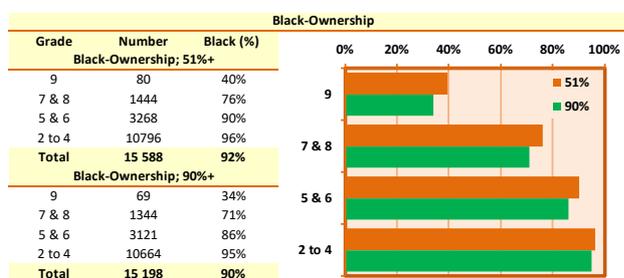
1. Ownership
2. Participation

1. Ownership

Ownership looks at statistics in terms of black-owned and woman-owned contractor enterprises.

Details of black ownership of cidb registered contractor enterprises are given below:

Black-Ownership 2020Q2



Black-Ownership 2020Q3

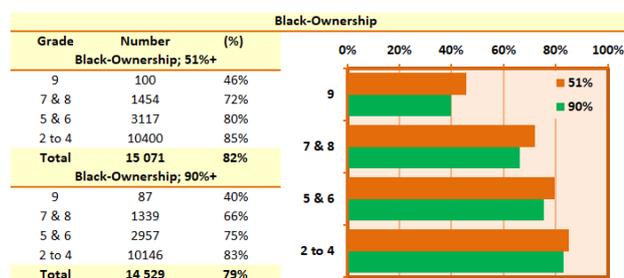


Figure 1: Black-ownership statistics

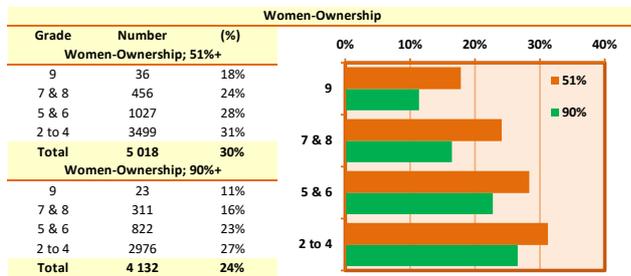
The construction industry - including professional service providers, contractors and materials suppliers - remains largely under-transformed. This lack of transformation in contractor ownership and access to work opportunities is particularly pronounced in grades 7 to 9.

The assessment above shows that transformation decreases with increasing cidb grade (size of the company). Specifically, ownership of 51% and above, 46% of cidb-registered enterprises in Grade 9 are black-owned in 2020Q3. These enterprises include public listed companies and wholly owned subsidiaries, for which black ownership other than directors is excluded. Excluding public listed and international companies from the profile, however, has little impact.

However, there was an increase in black ownership that can be seen from the assessment above, where shift in total black ownership was witnessed for both the 51+% and the 90+% ownership categories in grade 9 in 2020Q3 which moved from (40% to 46%) and (34% to 40%) respectively. Of concern is that although the overall trend (as well as grades 2-8) increased, the transformation of grade 9 is well below the transformation levels of the other grades. The similitude of the breakdown of percentage ownership for both the 51+% and

90%+ categories, however, bodes well on the transformation taking place among the lower levels. The overall ownership of grade 7-9 in the 2020Q3 is 59% which is less than the baseline of 67% and milestone target set of 69% in the first year. The slow pace of transformation in those grades has been also affected by the impact of Covid-19 which has necessitated cidb to revise its original outcome indicators on transformation.

Woman-ownership 2020Q2



Woman-ownership 2020Q3

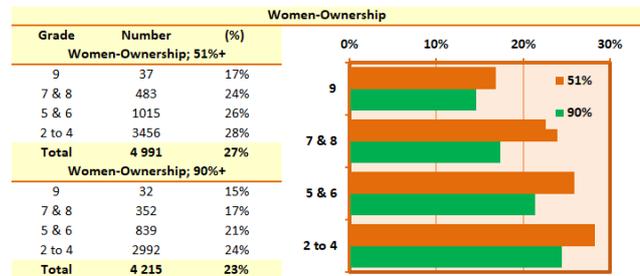


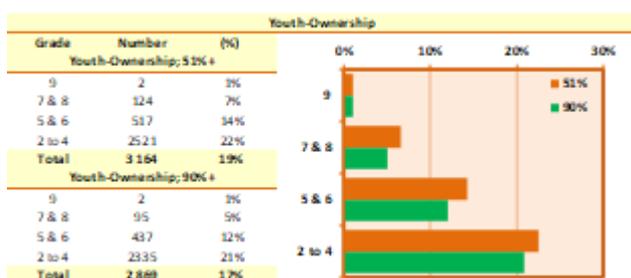
Figure 2: Woman-ownership as at 2020Q2 and 2020Q3

Details of woman-ownership of cidb registered contractors nationally are given above for the following two ownership cases:

- ownership control 51% or more; and
- ownership control 90% or more

From the assessment, the state of transformation decreases with increasing cidb grade. For ownership of 51% and above, woman-ownership amounts to around 30% in 2020Q2 of all contracting enterprises, showing an decrease of 3% in 2020Q3. While a 1% decrease was seen for woman-ownership above 90%, amounting to a total of 23% in 2020Q3. The overall progress in the 2020Q3, for ownership of 51% and above, indicates that the women ownership equals the baseline target of 27%, however it is 5% lower than the desired target of 32% for the first year of the five year cycle that was set in the cidb' Strategic Plan.

Youth-ownership 2020Q2



Youth-ownership 2020Q3

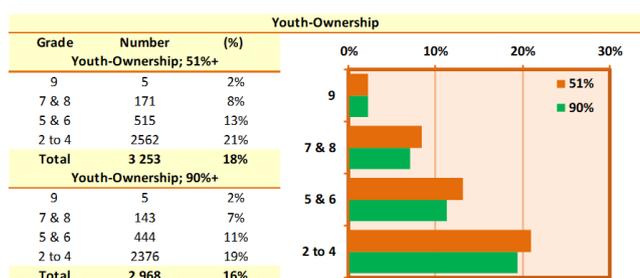


Figure 3: Youth-ownership as at 2020Q2 and 2020Q3

From the assessment, the state of transformation decreases with increasing cidb grade (size of the company). For ownership of 51% and above, youth-ownership amounts to around 18% in 2020Q3 of all contracting enterprises, showing a decrease of 1% from previous quarter. Also, a decrease of 1% was noted in 2020Q3 for youth-ownership above 90%, when compared with 2020q2. The overall performance in the 2020Q3 indicates that youth ownership is far off from reaching the baseline target of 29% and the milestone target of 32% set in the Strategic Plan.

2. Participation

Estimates of the ratio of public sector contracts awarded to black-and woman-owned contractor enterprises during the second quarter periods of 2019 and 2020 are shown below.

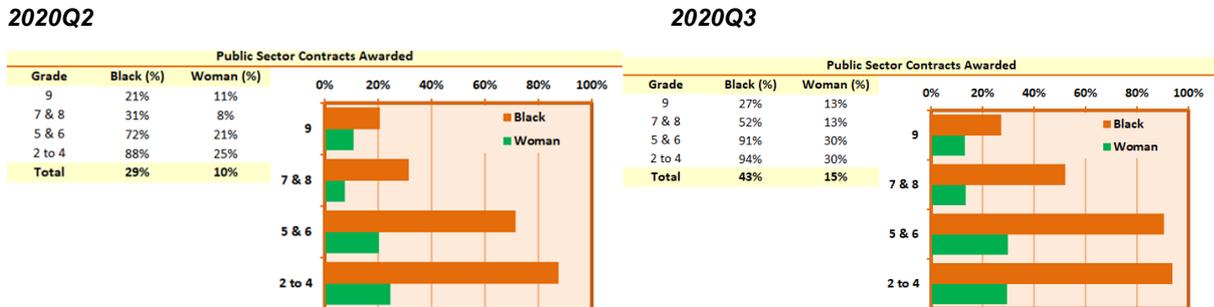


Figure 4: Public sector contracts awarded in 2020Q2 and 2020Q3

Overall, it is seen that black-owned contractors (51% and more), who make up 92% of registered contractors, are accessing in total around 43% of public sector awards for the 2020Q3 period. The blacks-owned companies slightly increased from 31% to 52% in the 2020Q3 from 2020Q2 in grade 7 and 8 categories. This adds to the historically low grade 9 contracts awarded to black-owned contractors and further compounds the challenges to close the gap between the low and higher grades.

Of concern is that the percentages of work accessed in Grade 7 and 8 by women which have decreased from 31% to 13% and the decrease is also across the grades.

The access to work opportunities for Black companies is a cause of concern as it affects the transformation in the industry.

In summary, public sector spend is misaligned in terms of targeting available and transformed contractors, risking their sustainability. Mechanisms are required to ensure that there is greater access to work for previously disadvantaged and vulnerable industry participants. Furthermore, the significant reduction in the grade 7 and 8 contracts awarded to both the black-owned and women-owned enterprises, highlights the high vulnerability of these categories to external environmental challenges and the need for additional support, particularly during these trying times.

SWOT Analysis

Strengths	Weaknesses
<ul style="list-style-type: none"> Register of Contractors as a tool that can indicate levels of transformation Treasury Regulation 16A6.3 a) ii) 	<ul style="list-style-type: none"> Transformation of the construction industry relies on a commitment from all stakeholders Limited existing advocacy from the cidb Currently untested and misaligned regulations i.e. fronting, etc. Transformation of the industry requires an enabling regulatory environment Lack of implementation of CDP framework Lack of unintegrated system to analyse the information and provide intelligent information to enhance RoC

Opportunities	Threats
<ul style="list-style-type: none"> Guiding public institutions to target transformation in procurement Implementation of cidb Development Support Framework Enabling DPWI (through cidb) to monitor contract awarding Exploring infrastructure opportunities residing in DPWI Clients (enforcing) the PE status provision Testing the issues of management control Review of the CIDB Act Review of the CDP framework to give protection to public sector bodies when they implement CDPs Influencing related regulation in the proposed procurement bill RoPSP provides an additional means to promote transformation in the industry CRM upgrade for integration with CSD. Amend regulations to introduce conditions of registration to deregister based on the breach of registration conditions (PAJA) review regulatory provisions related to sanctions including deregistration and fines. Integration of M4Jam projects into CRM Revision of compliance and enforcement strategy to ensure all reported non-compliance cases are sent to the Auditor General actioned and corrective action is taken 	<ul style="list-style-type: none"> Ineffective alignment between procurement and transformation Decreasing investment trend in construction projects Underspending of infrastructure budgets (made worse by Covid-19) Fraud and corruption PPPFA Regulations (2017) Issues around consistency within the executive (and regulatory) bodies and their commitment to transformation National Treasury regulations hindering transformation in construction procurement The integrity, reliability and accuracy of the primary source of information is questionable Public Sector projects are predominantly in the higher grades, which has a lower number of previously disadvantaged contractors Down raiding and downgrading by higher graded contractors due to economic conditions Gaps in relation to the application of BBBEE Regulations, particularly in certification Lack of consideration of cidb in proposed procurement bill Closing of the Construction Sector Charter Council (CSCC) Disjuncture between RoC and development Lack of completeness and comprehensiveness of information currently on the RoP

Interventions

The cidb has committed to the following interventions to enable transformation within the industry and progress is as follows:

Interventions	Progress
<ul style="list-style-type: none"> Ensuring the cidb registration criteria speaks to transforming the industry 	<ul style="list-style-type: none"> The review of the registration criteria is in progress. The next phase will be public consultation.
<ul style="list-style-type: none"> Business advisory services to small and medium contractors 	<ul style="list-style-type: none"> In addition, 89.3% was recorded for provincial business advisory services provided to contractors at grades 2 to 6 index against a target of 75%. The development needs analysis has been conducted with contractors needs identified. The actual drafting of the framework has commenced, and the target will be achieved by the end of financial year 2020/21.
<ul style="list-style-type: none"> Capacitation of clients to drive transformation in infrastructure procurement including awareness of procurement reforms 	<ul style="list-style-type: none"> Target on track and revised due to the Covid-19 pandemic, Capacitation is Ongoing

Interventions	Progress
	<ul style="list-style-type: none"> • Capacitation sessions were scheduled and had to be cancelled due to the COVID-19 Pandemic. Online interactions are being explored.
<ul style="list-style-type: none"> • Review and revision of the CDP framework to enable transformation 	<ul style="list-style-type: none"> • Target on track framework to be developed by the end of financial year 2020/21. • Gaps in the current CDP framework has been established, and the 1st draft of the revised framework will be achieved by the end of the 2nd quarter.

Additional identified interventions include:

- Develop a system to expand and align the RoC to RoP to improve performance and contractor information and
- The implementation of National Immovable Asset Maintenance Management Standard(NIAMM).
- Upgrade cidb contractor registration systems to fully integrate with National Treasury Central Supplier Database.
- Implementation of the Best Practice Project Assessment Fee.
- Monitor implementation of projects against the National Infrastructure Plan.
- Increase collaboration with National Treasury.
- Work with and regulate the private sector.
- Utilise the -RoP to monitor the projects awards

2.1.2 Development

The development of the construction sector is a significant component of the cidb' s mandate. As per the CIDB Act, the cidb must promote best practice across all stakeholders in the sector value chain to unlock higher levels of performance and productivity. The following provides context on development within the construction sector from two perspectives:

1. Contractor Development
2. Skills Development

1. Contractor Development

Contractor development can be viewed as improvements in a contractor's grading status, performance and quality of work.

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

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

We are often asked to account for the slow rate of development in the industry, but we remain hamstrung by insufficient budget. No budget means no development. We envisage that after the Minister's approval of the cidb Best Practice Fee, whose framework is in place, we will generate the development budget so sorely needed and answer the growing call for contractor advancement. Until then, we cannot promise what we cannot deliver.

Another bone of contention, albeit outside the legislation, is the Tirisano Trust, established to administer the distribution of the R1.5 billion in fines collected from delinquent contractors found guilty of collusion from 2006 to 2011. While the cidb monitors implementation of the Tirisano Construction Fund, it is not a trustee and has no say in decisions of how funds are spent. Currently, contractors feel they derive no benefit from the fund. We hope this will be rectified by incorporating the cidb into the VRP Agreement.

Particularly pleasing statistics in our performance information at the end of previous year annual report is the R16 million spent on contractor development. In addition, 89.3% was recorded for provincial business advisory services provided to contractors at grades 2 to 6 index against a target of 75%.

The cidb Competence Standard for Contractors is part of the cidb Best Practice Contractor Recognition Scheme, whose objectives are to promote contractor development and enable state entities to manage risk on complex contracting strategies. The standard specifies the National Immovable Asset Maintenance Management Standard um competencies required to run and manage a sustainable contracting enterprise at different cidb grading levels. Competencies are assessed through a guided interview pegged on equivalent qualifications on the National Qualification Framework.

During the 2019/20, the cidb conducted 66 assessments of contractors in contractor development programmes. Top-up training sessions were provided for those falling short of the cidb Competence Standard for Contractors. These sessions covered building and construction legislation compliance; tender preparation; resource planning monitoring and management; project programming and production processes; technical planning and setting out safety, health, environmental and quality management; and business planning and management. By year-end, top-up training had been delivered in Free State and Limpopo, with sessions in other provinces scheduled for 2020/21.

During the review year cidb partnered with Ingquza Hills Local Municipality to support contractor development on their Small-Town Revitalisation Project with the Office of the Premier Eastern Cape. The Ingquza Hills Local Municipality provided work packages for 10 youth- and women-owned contractors under the Small-Town Revitalisation Projects, they will be working under the leadership of a main contractor. cidb conducted entry assessments to determine the training needs of the learner contractors and committed to provide the training and mentoring for the learner contractors.

The Empowerment and Recognition of Women in Construction (ERWIC) awards, a cidb initiative to recognise the achievement and promote the excellence of women in the sector and encourage stakeholders to support women-owned businesses, was conceived during the review year. The inaugural awards were held in August 2020. The awards were made up of nine categories, including youth-owned and rural enterprises, mentorship and project delivery excellence.

In addition, the cidb partnered with the Jobs Fund - a government initiative owned and funded by National Treasury during 2019/20 to implement the Construction Industry SME Development Project. This initiative sought to develop 195 SMEs to create 1 950 new permanent full-time and 100 new short-term full-time positions, and train 2 050 beneficiaries.

A breakdown of contractor upgrades across grades 1 to 8 over the past year (2019Q3 to 2020Q2) is given below. Only currently active contractors are considered¹.

¹ Note that the table includes contractors that achieved a maximum grade but are no longer registered with the cidb.

Upgrades; 2019Q4 to 2020Q3							
From/To	2 to 4	5 & 6	7 & 8	9	Total	Registrations	%
	Entity						
7 & 8	0	0	72	19	91	1 972	5%
5 & 6	0	104	171	3	278	3 864	7%
2 to 4	511	328	51	0	890	13 543	7%
1	2 073	144	0	0	2 217	120 611	2%
Total	2 584	576	294	22	3 476	139 990	2%

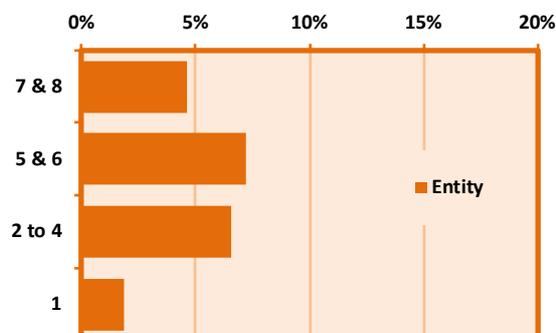


Figure 5: Contractor upgrades 2019Q4 to 2020Q3

The study highlights the low percentage of contractor upgrades in comparison to registrations. Over the past year, 7% of grade 7 and 8 contractors have upgraded, similarly 8% of contractors upgraded from grade 5 and 6, while the most significant percentage upgrade occurred for contractors within grades 2 to 4, where 11% of contractors upgraded. Percentage upgrades for grade 1 contractors are particularly low, at 2%, largely due to the high number of grade 1 registrations, bringing the total ratio of upgrades to registrations down to 2%.

The overall performance in the 2020Q1 indicates that the upgrades are decreasing at an alarming rate if compared with aspiration targets set in the Strategic Plan. The upgrades as at 2020Q1 was at 28% which is not encouraging in terms of the aspiration goals set in the strategic plan. This has necessitated a review and revision of the milestone targets in consideration of the impact of Covid-19.

Table 1: Contractor upgrades: category upgrade breakdown percentage 2019Q3 to 2020Q2

From/To	2 to 4	5 & 6	7 & 8	9	Total
7 & 8	0%	0%	81%	19%	100%
5 & 6	0%	35%	64%	1%	100%
2 to 4	57%	39%	4%	0%	100%
1	95%	5%	0%	0%	100%

The impact on grading as a result of upgrades is shown in the table above. Most upgrades from grades 2 to 8 remain within the same category, with upgrades from grade 7 and 8 to grade 9 being limited to 19%. A large percentage of the upgrades within grade 5 and 6 advance to a higher category, with 65% advancing to grades 7,8 or 9.

Stakeholder perceptions in terms of contractor development is as follows:

- An expectation that the Register of Contractors should adequately reflect the capability and performance of a contractor.
- Expectations for the cidb to provide training and mentorship to emerging contractors, developing black and female-owned companies and providing support (skills and finance) to previously disadvantaged contractors

2. Skills Development

Skills development is defined here as the development of skills amongst the workforce within the construction sector. Although the cidb has no direct mandate regarding skills development, when one takes into consideration the skills and unemployment challenges that are being experienced in South Africa, the cidb seeks to contribute to the resolution of these challenges. Additionally, a skilled workforce within the construction sector positively impacts the performance capabilities of contractor enterprises, thus contributing to the development of the sector. Initiatives to develop high-level construction skills include:

- workplace training opportunities in infrastructure contracts;
- implementation of the cidb Standard for Developing Skills through Infrastructure Contracts;
- the WorldSkills project in partnership with technical and vocational education and training (TVET) colleges; and the cidb Competence Standard for Contractors;

The cidb's partnership with Department of Higher Education and Training for the absorption of TVET college learners in its TVET expansion programme has placed 223 learners on three college construction and infrastructure maintenance projects, with more expected in this financial year.

The cidb's annual postgraduate conference, themed 'Positioning the construction industry in the fourth industrial revolution', was hosted by the Department of Construction Management at University of Johannesburg from 29 to 31 July 2019. It attracted more than 50 papers (many of them international) looking at prefabrication and 3D printing, cyber-physical systems and digital technologies.

SWOT Analysis

Strengths	Weaknesses
<ul style="list-style-type: none"> • Detailed monitoring of upgrades across registered contractors • Established capacity to inform contractor development • Skills Development Agency • Learner Management System 	<ul style="list-style-type: none"> • Contractor development relies on work opportunities which are outside of the cidb's direct control • Contract development is not mandatory • Standard for developing skills through infrastructure contracts not mandatory • Training capacity is disproportionate to training requirements
Opportunities	Threats
<ul style="list-style-type: none"> • Implementation of the cidb Development Support Framework • Pilot development support initiatives which are guided by training needs in terms of the cidb Competence Standard for Contractors and the cidb Standard for Construction Management Systems • Provincial Offices structure approved with resources allocated for enterprise development • Roll out of the cidb Standard for Enterprise Development and Skills Development • Client capacitation to increase uptake of the NCDP • PPPFA and subcontracting regarding designated group for projects above R30 million • Making contractor development mandatory (PE Status) • RoPSP providing an additional means to promote development in the industry 	<ul style="list-style-type: none"> • Internal interventions rely on the implementation of the Best Practice Fee for financial resources • Decreasing investment trend in constructions projects • Underspending of infrastructure budgets • Clients not taking ownership of the PPPFA subcontracting issues (leaving it to the main contractor) • Lack of business and contractor skills in the introductory grades and lack of administration and management skills in the mid-grades • Risk is increased due to no required certification for contractors • Ambiguous PE implementation requirements result in inconsistent application • Disconnect between grading system and development • Exploitation of subcontractors and lack of effective dispute resolution mechanisms, no ombudsman

Interventions

Progress of interventions to improve contractor and skill development:

Action	Progress
<ul style="list-style-type: none"> • Capacitation of clients on IDMS 	<ul style="list-style-type: none"> • Target on track and revised due to Covid-19 pandemic. Client capacitation on IDMS has begun and is ongoing. Two clients viz. Transnet – Ports Authority and National Department of Water and Sanitation were capacitated in the first quarter. • In the second quarter, Head Office has conducted IDMS training with The Institute of Municipal Engineering of Southern Africa (IMESA). The consolidated progress report from Provincial Offices is underway.
<ul style="list-style-type: none"> • Provision of Skills Development Agency 	<ul style="list-style-type: none"> • Target on track, Skills development Agency is currently operational
<ul style="list-style-type: none"> • Experiential learning opportunities for learners 	<ul style="list-style-type: none"> • Target has been achieved, 50 active learners for quarter two
<ul style="list-style-type: none"> • Participation in the WorldSkills Programme 	<ul style="list-style-type: none"> • Target Revised due to Covid-19, note that there is a dependency on WorldSkills SA and DHET, Target is on track with KZN provincial competitions scheduled for end September 2020
<ul style="list-style-type: none"> • Establishment of a credit fund 	<ul style="list-style-type: none"> • Service Fee has been approved to implement a credit fund.
<ul style="list-style-type: none"> • Exploring the process of making contractor development mandatory focusing on what the legislation has provided as a mandate 	<ul style="list-style-type: none"> • Target will be moved to 2021/22 • Conduct a research study on the feasibility of mandating contractor Development programmes on all public sector clients

Additional identified interventions include:

- Redesign the National Contractor Development Programme (NCDP) to include training;
- Introduce targeted development programme model policy;
- Facilitate and fund training and development of contractors in grades 1 to 3;
- Revision of SFU to enforce development of emerging contractors and PSP;
- Set up engagement with all relevant SETA;
- Enhance monitoring system to track contractor development on CDPs;
- Piloting of the best practice Client Recognition Scheme;
- Development of practice notes; and
- Implementation of the Best Practice Fee.

2.1.3 Client Performance – Infrastructure Budgets

It is expected that the size of the construction industry (the Rand value of fixed investment) will decline by 8.7 percent this year (2020), from an initial forecast of a 1.5 % decline only. The Covid-19 pandemic, and all the short and medium-term implications on the economy, is expected to cut approximately R19.6 billion out of the construction industry in 2020, and move the industry onto a lower growth path, with the short and medium term outlook hampered by fiscal constraints in the public sector, as well as a persistent demand shock resonating through the private sector. The impact is expected to last several years with the pandemic accelerating many of South Africa's challenges from the medium to short-term.

The gazetting of 50 strategic infrastructure projects and 12 special projects worth R340-billion by the minister for public works and infrastructure are an important development which will stimulate the sector and generate growth in the broader economy.

Construction forecasts	2018	2019	2020f	2021f	2022f	2023f	2024f
Total construction (GFCF)	281 019 000 000	271 199 000 000	247 624 879 050	253 546 822 808	248 239 546 634	241 298 502 356	235 539 432 942
% change	-1,4%	-3,5%	-8,7%	2,4%	-2,1%	-2,8%	-2,4%
Building	109 782 000 000	101 459 000 000	88 363 290 708	89 999 473 281	87 022 781 517	85 488 956 673	86 448 215 432
% change	-3,3%	-7,6%	-12,9%	1,9%	-3,3%	-1,8%	1,1%
Residential	55 870 000 000	53 741 000 000	47 861 900 690	48 646 481 698	46 645 871 366	45 082 057 881	45 558 395 656
% change	-3,2%	-3,8%	-10,9%	1,6%	-4,1%	-3,4%	1,1%
Non-residential	53 912 000 000	47 718 000 000	40 501 390 018	41 352 991 583	40 376 910 150	40 406 898 792	40 889 819 776
% change	-3,3%	-11,5%	-15,1%	2,1%	-2,4%	0,1%	1,2%
Civil construction	171 237 000 000	169 740 000 000	159 261 588 342	163 547 349 526	161 216 765 118	155 809 545 683	149 091 217 510
% change	-0,1%	-0,9%	-6,2%	2,7%	-1,4%	-3,4%	-4,3%

Figure 6: Gross fixed capital formation Construction measures and forecasts 2018-2024 (Source: Industry Insight)

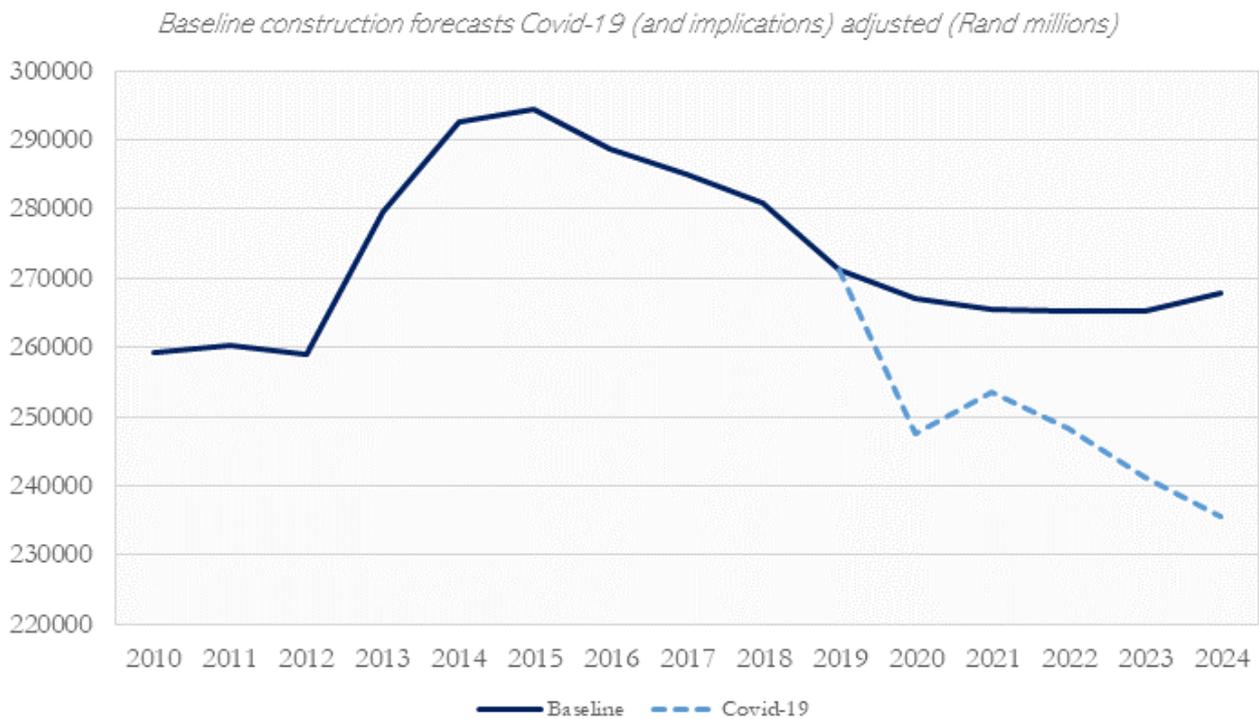


Figure 3: Baseline construction forecasts Covid-19 and implications (Source: Industry Insight)

Table 2: Performance of Municipalities on spending capital budgets assessment

Indicator	2017/18	2018/19	2019/20
Budgeted capital expenditure (Rm)	71 381	73 563	68 808
Actual capital expenditure (Rm)	58 756	54 887	41 254
Actual capital expenditure as a % of budgeted capital expenditure	82%	75%	60%
Number of metro's, municipalities, and district municipalities	257	257	257

The slowdown in the construction economy is exacerbated by underspending of capital budgets, mainly municipal. Municipal underspending increased from around R19 billion in 2018/19 to R28 billion in 2019/20, R17 billions of which was by metros. The increased underspending in 2019/20 was because of the Covid-19 pandemic.

It is well established that a contributing factor to the underperformance of many institutions within the public sector regarding infrastructure procurement and delivery is inadequate procurement capacity and/or capability.

Underspending of infrastructure budgets prompted the cidb to liaise with public sector clients to uncover constraints to project rollout, identify areas of potential cooperation, accelerate a sustainable project pipeline and promote developmental procurement.

SWOT Analysis

Strengths	Weaknesses
<ul style="list-style-type: none"> CIDB Act mandates the cidb to promote the uniform application of policy about the construction industry throughout all spheres of government, and to implement the Project Assessment Scheme 	<ul style="list-style-type: none"> Slow implementation of the cidb Contractor Recognition Scheme Inadequate focus on monitoring SOC infrastructure spend Credibility; the cidb has not been established as an authority in the sector Administrative burden associated with tendering
Opportunities	Threats
<ul style="list-style-type: none"> Targeting provinces with higher public sector budgets Target state organs with significant infrastructure budgets to drive performance Roll out of the cidb Project Assessment Scheme Harness the best-practice standards in enforcing cidb objectives (as subsidiary legislation) Expand/amend cidb Act to apply in the Private Sector Development of client recognition scheme Role of funders in the landscape (e.g. DBSA / IDC etc.) Play a role within the evolving landscape where the cidb has authority to act 	<ul style="list-style-type: none"> Inadequate procurement capacity and/or capability in the public sector Underspending by Local Municipalities (More clients in other spheres of government) A decrease in GFCF driven largely by the public sector. More decreases in GFCF due to Covid-19 Fraud and corruption Decreasing fiscal capacity to spend on infrastructure (considering competing national needs) National Treasury, through GTAC, redirecting infrastructure spend (from existing /appropriate channels). Funds redirected to assist Covid-19 interventions Investors may not be as open/amenable to transformation Cancellations and re-advertising of tenders Lack of standardisation in procurement contracts Delayed and late payments of suppliers

Interventions

Progress of interventions to increase infrastructure budget spend:

Action	Progress
<ul style="list-style-type: none"> Consult with all organs of state to identify construction-related budgets and the application thereof. Assessing the impact of public expenditure on the construction industry and advising the Minister accordingly 	<ul style="list-style-type: none"> CIP to conduct the study in-house. Drafting a Project Plan
<ul style="list-style-type: none"> Strengthening the existing public sector capacity building initiatives 	<ul style="list-style-type: none"> Target on track and revised due to the Covid-19 pandemic, Capacitation is Ongoing
<ul style="list-style-type: none"> Rolling out the Project Assessment Scheme 	<ul style="list-style-type: none"> Submission for approval of the Regulation Amendments regarding the implementation of the Best Practice Scheme was sent to the Minister DPWI
<ul style="list-style-type: none"> Implementing the cidb Competence Framework for Procurement and the underpinning tools to assess SCM officials 	<ul style="list-style-type: none"> Target will be moved to 2021/22
<ul style="list-style-type: none"> Harnessing the best-practice standards in enforcing cidb objectives (as subsidiary legislation) 	<ul style="list-style-type: none"> Submission for approval of the Regulation Amendments regarding the implementation of the Best Practice Scheme was sent to the Minister DPWI.
<ul style="list-style-type: none"> Expanding/amending CIDB Act to apply in private sector procurement to drive transformation) 	<ul style="list-style-type: none"> Draft CIDB Act was submitted to DPWI. Awaiting department's legal input.
<ul style="list-style-type: none"> Playing a role within the evolving landscape where the cidb has authority to act 	<ul style="list-style-type: none"> This forms part of the CIDB Act that was submitted to DPWI. Awaiting department's legal input

Additional identified interventions include:

- Look into the causes and impacts of cancellation of tenders, and identify responses to address these concerns;
- Conduct client capacitation on IDMS, FIDPM etc.; and
- Implement client recognition scheme.

2.1.4 Compliance

Ethics are moral principles that govern individual and social behaviour. Ethical behaviour builds trust which enables a productive social environment for national building and fair transacting amongst stakeholders. The following section details ethical behaviour from an industry perspective as well as the cidb's investigations into fraud and non-compliance.

- Construction Sector Compliance
- Investigations by the cidb

1. Construction Sector Compliance

The RoP holds information on the nature, value and distribution of projects, and drives performance improvement through the Best Practice Project Assessment Scheme. Public sector clients must register projects from R200 000, while private sector clients and large state-owned entities register those worth R10

million and higher. Among its indicators are the number of tender notices recorded on the cidb i-tender and contract awards noted on the RoP. There were more than 321 increases of number of awards registered in 2020Q1 compared with 2019/20 and details are below:

Client type	Number of awards registered
District municipality	74
Local municipality	591
Metropolitan municipality	134
Municipal entity	32
National department	232
Provincial department	1000
State-owned enterprise	424
Total	2 487

Compliance with the i-tender and RoP remains disappointing, although the cidb offers ongoing capacitation to clients to compensate for the high turnover of supply chain management staff. Lack of compliance by clients is addressed through one-on-one interactions and is expected to improve with the advent of a cidb compliance department.

Workshops were conducted in Eastern Cape, KwaZulu-Natal and Limpopo centred primarily on the RoP, as it was found that clients register their tenders but do not follow up with details of awards and completion. A presentation on RoP statistics was well received, with many delegates not having been aware of the value of the register in reporting and tracking of development in their departments. The cidb undertook to provide regular RoP reports to provincial clients, with feedback on client contribution to development and transformation through infrastructure spending.

2. Investigations by the cidb

The cidb Enforcement Subdivision conducts inquiries into breaches of the CID Regulations code of conduct and undertakes investigations in terms of Regulation 28 should it receive a complaint that an individual has acted contrary to or has not complied with the code. Once the cidb has verified its jurisdiction to investigate the complaint and established whether grounds exist to continue, a formal investigation is conducted, and action taken in terms of Regulation 29. Details of inquiry outcomes are communicated to affected parties and published in the Government Gazette and on the cidb website.

Table 3: Investigations as at 2019

Total number of cases reported	Number of cases carried over from the previous year	Number of new cases	Number of cases finalised	Number of cases pending	Number of cases closed
72	5	67	11	16	14

Table 4: Formal Inquiries as at 2019

Table 5: Investigations as at 2020Q1

Total number of inquiries	Number of formal inquiries held	Number of formal inquiries pending due to postponement	Number found guilty	Number found not guilty	Number published on website and in Government Gazette
32	11	5	9	2	9
Total number of cases reported	Number of cases carried over from the previous year	Number of new cases	Number of cases finalised	Number of cases pending	Number of cases closed
68	15	53	13	52	13

Table 6: Formal Inquiries as at 2020Q1

Total number of inquiries	Number of formal inquiries held	Number of formal inquiries pending due to postponement	Number found guilty	Number found not guilty	Number published on website and in Government Gazette
13	13	3	11	2	11

The 2019/20 annual report indicated a 20% decrease in cases of non-compliance. A significant drop in the number of formal enquiries was observed, with 60% fewer formal enquiries submitted in comparison to the 2018/19 period. The decrease may be due to various factors, one of which being the impact of Covid-19 and the delay in the appointment of investigation team. However, the percentage of guilty verdicts remained consistent over both periods.

SWOT Analysis

Strengths	Weaknesses
<ul style="list-style-type: none"> cidb fraud hot-line and investigations The cidb Act mandates investigation of any breach of the Code of Conduct Zero-tolerance stance on fraud and corruption 	<ul style="list-style-type: none"> Limitations in cidb legislation related to punitive measures for contractor non-compliance to cidb prescripts SCM taking too long to appoint service providers Inadequately resourced cidb compliance unit
Opportunities	Threats
<ul style="list-style-type: none"> Roll out of Client Recognition Scheme Promoting SANS1734 (Anti-bribery Management Systems) through business advisory services 	<ul style="list-style-type: none"> Increasing cases of contractor non-compliance Lack of compliance to requirements by clients compromising the RoP's potential to strengthen the efficacy of the RoC Shrinking construction sector

<ul style="list-style-type: none"> • Capacitation of the cidb compliance unit through organisational design • Review of the CIDB Act to empower cidb to enforce compliance with the cidb Act and Regulations • Management of institutional risk within clients 	<ul style="list-style-type: none"> • Fraud and corruption (offering and acceptance of bribes between contractors and cidb officials) • Covid-19 pandemic causing all processes to stop during national lockdown during level 5
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Interventions

Progress of interventions to enhance compliance to the cidb's prescripts.

Interventions	Progress
<ul style="list-style-type: none"> • Review of the cidb Code of Conduct 	<ul style="list-style-type: none"> • Still under review. Ties up with the review of the Act.
<ul style="list-style-type: none"> • cidb to investigate and act upon serious violations, i.e. unlawful procurement etc. (acting consistently within the rule of law) 	<ul style="list-style-type: none"> • Construction procurement is regulated through the Standard for Uniformity (SFU). Clients are compelled through SFU and non-compliance is investigated as and when cases are reported.
<ul style="list-style-type: none"> • Define and implement mechanisms for recourse for violations, including within and between clients 	<ul style="list-style-type: none"> • Construction procurement is regulated through the Standard for Uniformity (SFU). Clients are compelled through SFU and non-compliance is investigated as and when cases are reported.
<ul style="list-style-type: none"> • Review of the cidb Act to empower the organisation to enforce serious violations 	<ul style="list-style-type: none"> • This forms part of the CIDB Act that was submitted to DPWI. Awaiting department's legal input.
<ul style="list-style-type: none"> • Rolling out of the OD Process to capacitate the organisation 	<ul style="list-style-type: none"> • Based on prioritisation of critical positions, this target is well on track and will be achieved in this financial year – 2020/2021.
<ul style="list-style-type: none"> • Promoting the use of SANS 1734 Specification for an Anti-Bribery Management System (ABMS) for large contracting enterprises 	<ul style="list-style-type: none"> • ABMS 1734 was gazetted as a Best Practice. Cidb Consulting on whether ABMS 1734 should be included as part of the registration Criteria.
<ul style="list-style-type: none"> • Creating awareness of the cidb Code of Conduct 	<ul style="list-style-type: none"> • Awareness and ongoing client capacitation on IDMS, SFU and Code of Conduct taking place.

Additional identified interventions include:

- Improve the registration and compliance to the RoP
- Implement punitive measures against defaulters

2.2 Analysis of Internal Environment

2.2.1 Organisational Structure and Capacity

An extensive organisational redesign was initiated in the 2016/17 financial year with the objective to enhance capacity and capability in service delivery to clients. The resulting high-level macro-structure is shown below:

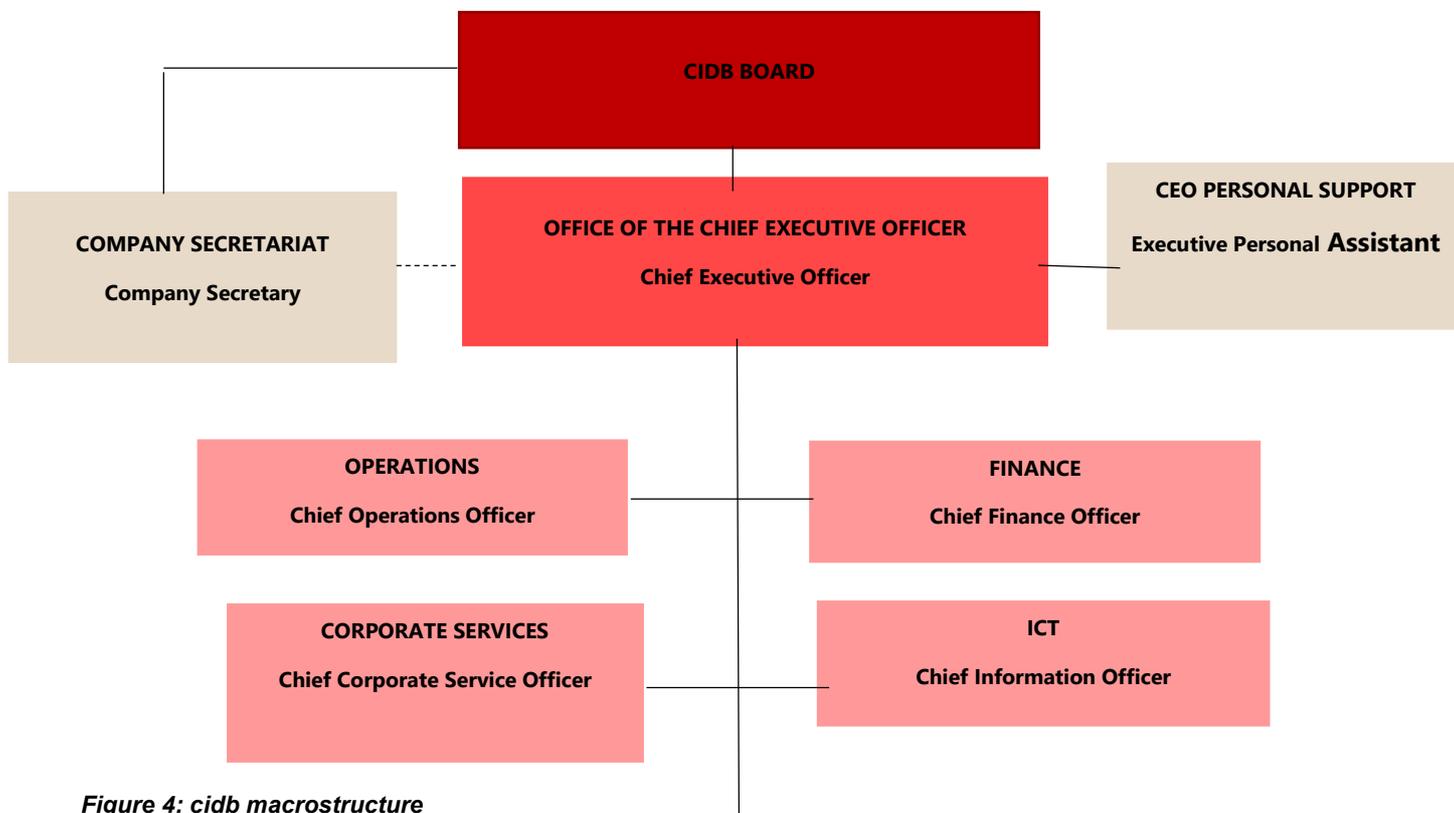


Figure 4: cidb macrostructure

A business model, complemented by an operating model, value chain and business processes were developed to serve as a basis for the organizational design that will ensure cidb delivers on its mandate, meets strategic objectives and transforms into a high-performance organisation. The correct capacity levels and capability requirements were established through the redesign to ensure a perfect fit for effective and efficient service delivery; which includes Head Office and Provincial offices which will serve a key role in delivering the cidb's services.

The total headcount in the old structure was 162 while the new organisational design requires 380 staff members. The growth in staff, however, was to be financed by cidb's financial projections over a period of three years. The impact of the Covid-19 pandemic has resulted in economic challenges and financial constraints within the construction sector, making the targeted financial projections unattainable. The challenges have not only become major barriers to the full implementation of the new structure, but have also compelled the cidb to come up with the following stringent measures in order to claw back on the financial projections:

- Adjust its budget, including employee costs.
- Develop cost containment measures for immediate implementation.
- Mechanization of complex and routines tasks.
- The review of the organisational structure without compromising service delivery.
- Develop the recruitment plan to further capacitate the structure with the key and prioritized positions in order to implement the structure using a phased approach.

2.2.2 BBEE Compliance

As of 31 March 2020, 99% of the expenditure was BBEE level 4 or above compliant while, 1% was non-compliant with BBEE regulations. To address areas of non-compliance, SCM is in the process of drafting a procurement targeting policy to enable BBEE objectives and support implementation of the PPPFA regulations.

2.2.3 Audit Outcomes

The audit outcome of cidb has remained the same with an unqualified opinion with findings in other areas. The main challenge hindering the cidb from obtaining a clean audit is the quality of the annual financial statements and annual performance report received for auditing purposes. The matters that need attention for the organisation are:

- Lack of skilled staff to support key personal
- Failure to focus root causes of the audit findings
- Key positions that were not filled
- Record keeping deficiencies which delay the audit process
- Inadequate control measures to detect material findings in the financial statement and performance reporting

Interventions

Progress of interventions to ensure clean audit is achieved:

Interventions	Progress
<ul style="list-style-type: none">• Align Internal Audit Plan with AG focus area to identify area prior AG audit	<ul style="list-style-type: none">• The Internal Audit Plan was produced, and findings of the Ag were considered in the new plan drafted
<ul style="list-style-type: none">• Follow up, categorise the findings in terms of importance and track root cause of audit findings with Management on quarterly basis	<ul style="list-style-type: none">• Audit tracking list is part of standard agenda item for EXCO.
<ul style="list-style-type: none">• Key positions to be filled	<ul style="list-style-type: none">• List of priority position has been compiled for EXCO monitoring.
<ul style="list-style-type: none">• Report to the Audit Committee progress on addressing audit findings for oversight including root causes	<ul style="list-style-type: none">• Audit follow up completed by the Internal Auditors is reported to the Audit, Risk and Governance Committee
<ul style="list-style-type: none">• Produce interim financial statement for audit purpose to identify non-compliance prior to external audit	<ul style="list-style-type: none">• The interim financial report was not produced due to staff capacity at Finance unit.

2.2.4 Financial Sustainability

An overview of the income projections for the period 2020/21 to 2022/23 is given below and has been revised due to the COVID-19 impact.

Revenue	2019/20		2020/21		2021/22		2022/23		2023/24
	Budget	Audited outcome	Budget estimate	Approved budget	Budget estimate	Revised budget estimate	Budget estimate	Revised budget estimate	Planning budget estimate
R Thousand									
Revenue									
Tax revenue	-	-	-	-	-	-	-	-	-
Entity revenue	108 001	108 001	115 579	121 878	121 936	127 209	134 614	134 614	142 153
Sale of goods and services other than capital assets	99 200	99 200	106 294	112 593	112 141	117 414	124 330	124 330	131 293
Of which:									
Sales by market establishments	99 200	99 200	106 294	112 593	112 141	117 414	124 330	124 330	131 293
Applications processing fees	99 200	99 200	106 294	112 593	112 141	117 414	124 330	124 330	131 293
Entity revenue other than sales	8 801	8 801	9 285	9 285	9 795	9 795	10 284	10 284	10 860
Interest, dividends and rent on land	8 801	8 801	9 285	9 285	9 795	9 795	10 284	10 284	10 860
Interest	8 801	8 801	9 285	9 285	9 795	9 795	10 284	10 284	10 860
Transfers received	161 121	161 121	166 769	154 170	175 941	166 127	182 604	170 308	171 500
Other government units	76 160	76 160	78 742	72 443	83 073	78 166	86 160	80 012	80 320
National government	76 160	76 160	78 742	72 443	83 073	78 166	86 160	80 012	80 320
Tax benefit	-	-	-	-	-	-	-	-	-
Total revenue	8 801	8 801	9 285	9 285	9 795	9 795	10 284	10 284	10 860

The effect of covid19 resulted in the adjusted budget with the lockdown introduced in late March and the economic adjustment in June resulted in a loss of R14,620m against the budget.

PART C - MEASURING OUR PERFORMANCE

1. Institutional Performance Information

The following is a list of programmes and associated sub-programmes implemented by the cidb with their associated outputs over the medium-term period.

1.1 Programme 1: Administration

Programme 1		Administration
Purpose	The Administration programme plays a crucial role in the delivery of cidb services through a range of support services, such as organisational development, human resources and labour relations, information and communication technology, property and facility management, legal, communication and all financial related functions. Further, this programme plays a crucial role in streamlining processes and procedures for engaging and managing partnerships and alliance with industry stakeholders to achieve cidb strategic intent. The cidb depends on effective management of financial resources and procurement process administered within the Finance Department.	
Sub-Programmes	Office of the CEO	Financial Management
Purpose	Planning, policy, coordination, governance and internal audit function for the cidb.	Manage the cidb' s finances and conduct procurement activities for all programmes.
Sub-Programmes	Information Communications and Technology	Corporate Services, consisting of: a) Legal Services b) Human Resources c) Auxiliary Services and Facilities Management d) Stakeholder Management, Communication, Branding and Marketing
Purpose	Provide ICT support to the cidb whilst ensuring ICT governance.	Provide corporate support to all programmes and functions within the cidb.

Outcomes, Outputs, Output Performance Indicators and Targets

Outcome	Outputs	Output Indicators	Audited/Actual Performance				Annual Targets	MTEF Period		
			2016/17	2017/18	2018/19	2019/20	Estimated Performance 2020/21	2021/22	2022/23	2023/24
1.6. Ethical and Performance Driven cidb	1.1. Internal corporate fraud workshop	Number of fraud Awareness Workshops for staff	1	1	1	1	1	1	1	1
	1.2. System Uptime	% System Uptime	95%	80%	85%	90%	90%	93%	95%	97%
	1.3. National Treasury Report	% of expenditure spent on BBBEE compliant suppliers	N/A	N/A	New	86%	88%	90%	92%	94%
	1.4. Age Analysis Report	% of invoices paid within 30 days	85%	83%	100%	100%	100%	100%	100%	100%
	1.5. National Stakeholder Forum	Number of stakeholder forums conducted	1	1	1	1	1	1	1	1

Indicators, Annual and Quarterly Targets

Output Indicators	Annual Target	Q1	Q2	Q3	Q4
Number of internal corporate fraud awareness workshops	1	N/A	N/A	1	N/A
% System uptime	93%	93%	93%	93%	93%
% of expenditure spent on BBBEE compliant suppliers	90%	90%	90%	90%	90%
% of invoices paid within 30 days	100%	100%	100%	100%	100%
Number of stakeholder forums conducted	1	N/A	N/A	N/A	1

- Fraud workshops are held as a preventive measure to mitigate bribery, fraud and corruption internally. This also assists in enabling Outcome 1.5. by dissuading cidb personnel from contributing to contract non-compliance.
- System uptime measures the amount of time that ICT systems are operational throughout total working hours within the financial year. ICT projects have been commissioned to harness and improve the robustness and effectiveness of ICT systems.
- In alignment with national priorities, the cidb commits to increase expenditure to BBBEE compliant services providers.
- In addition to the outputs, it is important that all supplier invoices are paid within 30 days to maintain their sustainability and comply with the payment directives.
- The National Stakeholder Forum is a pivotal engagement platform for the cidb. Stakeholders across the construction industry gather to share insights and concerns regarding the industry and the role the cidb plays within the industry. Outputs from the forum are one of several drivers that assist the cidb in formulating effective responses and addressing the challenges affecting the construction industry.

1.2 Programme 2: Research and Development

Programme 2	Research and Development
Purpose	<ul style="list-style-type: none"> a) develop, promote and update a construction industry research agenda b) establish a knowledge centre through which industry and clients can access knowledge and experience on innovation and best practice.

Programme 2 will lead research activities based upon the information and data gathered from the construction industry. Key deliverables from this programme will be insights that guide the development and design of the cidb' s interventions within the context of the construction industry that are aligned to its mandate.

Outcomes, Outputs, Output Performance Indicators and Targets

Outcome	Outputs	Output Indicators	Audited/Actual Performance				Annual Targets	MTEF Period		
			2016/17	2017/18	2018/19	2019/20	Estimated Performance 2020/21	2021/22	2022/23	2023/24
1.1. Increased black-ownership and participation	1.6. Research report	Number of research studies conducted	N/A	N/A	N/A	New	2	2	2	2
1.2. Increased woman-ownership and participation										

Indicators, Annual and Quarterly Targets

Output Indicators	Annual Target	Q1	Q2	Q3	Q4
Number of research studies conducted	2	N/A	N/A	1	1

- A dedicated focus on researching the impact of transformation and development interventions enables the cidb strategy to have transformation focused outcomes. This will enable the cidb to effectively adjust its planning to respond to the shifts within its operating environment to achieve its strategic outcomes (i.e. Outcomes 1.1, 1.2. and 1.3.)

1.3 Programme 3: Construction Industry Regulation

Programme 3		Construction Industry Regulation	
Purpose	a) operate and maintain the national Register of Contractors, the Contractor Recognition Scheme, the Register of Projects and the Project Assessment Scheme; b) monitor and enforce compliance to cidb prescripts		
Sub-Programmes	Registration Services	Regulatory Compliance	
Purpose	a) operate and maintain the national Register of Contractors which facilitates public sector procurement; b) operate and maintain the Contractor Recognition Scheme c) operate and maintain the Register of Projects and the Project Assessment Scheme	a) monitor compliance with cidb prescripts	
Sub-Programmes	Enforcement	Call Centre	
Purpose	a) enforce compliance with cidb prescripts	a) provide call centre support to the construction registers	

Programme 3 Construction Industry Regulation is the custodian for the following instruments:

- a) cidb Register of Contractors; and
- b) cidb Register of Projects;

In addition, Programme 3 is the custodian of the cidb compliance strategy and registration criteria.

Outcomes, Outputs, Output Performance Indicators and Targets

Outcome	Outputs	Output Indicators	Audited/Actual Performance				Annual Targets		MTEF Period		
			2016/17	2017/18	2018/19	2019/20	Estimated Performance 2020/21	2021/22	2022/23	2023/24	
1.1. Increased black-ownership and participation	1.7. Revised registration criteria recommendation report	Number of revised registration criteria assessments performed	N/A	N/A	N/A	New	1	1	N/A	N/A	
1.2. Increased Woman-ownership and participation											
1.5. Reduced non-compliance and fraud	1.8. List of projects identified not registered in the Register of Projects	Number of non - registered projects identified against the Register of Projects	N/A	N/A	N/A	New	1000	1500	3000	4000	
1.6 Ethical and Performance Driven cidb	1.9 Contractors registered on the RoC	% of Grade 1 to 9 contractors registered within 21 working days for compliant applications	N/A	N/A	99%	89%	96%	90%	92%	94%	

Indicators, Annual and Quarterly Targets

Output Indicators	Annual Target	Q1	Q2	Q3	Q4
Number of revised registration criteria assessments performed	1	N/A	N/A	N/A	1
Number of non-registered projects identified against the Register of Projects	1500	N/A	900	N/A	600
% of Grade 1 to 9 contractors registered within 21 working days for compliant applications	90%	90%	90%	90%	90%

- Currently, consultation is underway regarding a revision of the registration criteria to potentially include aspects of transformation to enable Outcomes 1.1. to 1.3. This will also include consultation on the roll-out of the SANS 1734 standard for anti-bribery management system.

- The cidb is embarking on amending regulation to assist in fast tracking transformation in the industry.
- Non-compliance to the Register of Projects is currently high. The cidb commits to identifying projects across the country in each province to verify compliance to the Register of Projects. Non-compliance to cidb prescripts in the procurement of infrastructure will be reported to the Auditor General for further action.

1.4 Programme 4: Construction Industry Performance

Programme 4		Construction Industry Performance	
Purpose	<ul style="list-style-type: none"> a) determine and establish best practice that promotes improved industry stability and improved industry performance, efficiency and effectiveness; b) promote sustainable growth of the construction industry and the participation of the emerging sector; c) implement policy on construction industry development; d) advise the Minister on policy and programmes which impact on construction industry growth and development; 		
Sub-Programmes	Policies and Standards Development	Industry Monitoring & Evaluation	
Purpose	<ul style="list-style-type: none"> a) publish best practice standards and guidelines aimed at best practice and improved performance; b) establish and maintain the Contractor Recognition Scheme, which promotes contractor development and monitors contractor performance; c) establish and maintain the Project Assessment Scheme, for the promotion, assessment and evaluation of best practice on construction contracts d) establish and maintain the Client Recognition Scheme for the assessment of the performance of public sector client departments; 	<ul style="list-style-type: none"> a) monitor economic activity within the construction industry and the measures according to which public sector spending is scheduled; b) consult with all organs of state to identify construction-related budgets and the application thereof; c) assess the impact of public expenditure on the construction industry and advise the Minister accordingly; d) promote export of construction goods and services; e) publish quarterly and annual reports on the state of the industry 	

Programme 4 Construction Industry Performance, is the custodian for the following instruments:

- a) cidb Contractor Recognition Scheme;
- b) cidb Project Assessment Scheme;
- c) cidb Client Recognition Scheme and;
- d) Monitoring and evaluation of the industry.

Outcomes, Outputs, Performance Indicators and Targets

Outcome	Outputs	Output Indicators	Audited/Actual Performance				Annual Targets	MTEF Period		
			2016/17	2017/18	2018/19	2019/20	Estimated Performance 2020/21	2021/22	2022/23	2023/24
1.1. Increased black-ownership and participation	1.10. Monitoring and evaluation report on industry Performance	Number of industry monitoring and evaluations conducted	4	4	4	4	4	4	4	4
1.2. Increased woman-Ownership and participation										
1.4. Performance driven clients	1.11. Report on public sector expenditure	Number of reports on public sector expenditure	N/A	N/A	N/A	New	1	1	1	1

Indicators, Annual and Quarterly Targets

Output Indicators	Annual Target	Q1	Q2	Q3	Q4
Number of industry monitoring and evaluations conducted	4	1	1	1	1
Number of reports on public sector expenditure	1	N/A	N/A	N/A	1

- The cidb Construction Monitor reports entails the following individual themes; supply and demand, contractor development, employment and transformation. The transformation reports will provide statistics that guide interventions by other programmes. Monitoring the compliance of clients to the Register of Projects will be important in measuring the performance of clients in following the cidb prescripts in their procurement of infrastructure as there is a relationship between compliance to the Register of Projects and the effectiveness of infrastructure spend.
- The report on public sector expenditure reviews public sector performance on actual expenditure against allocated infrastructure budgets. Currently, the cidb monitors provincial and municipal infrastructure expenditure. Going forward, the scope will include state-owned companies and other organs of state.

1.5 Programme 5: Procurement and Development

Programme 5		Procurement and Development	
Purpose	<ul style="list-style-type: none"> a) promote procurement and delivery management reform; b) promote uniform application of policy regarding the construction industry throughout all spheres of Government; c) promote, uniform and ethical standards that regulate the actions, practices and procedures of parties engaged in construction contracts; d) promote sustainable growth of the construction industry and the participation of the emerging sector. e) Promote a sustainable skills pipeline for construction industry (contractor & public sector) 		
Sub-Programmes	Enterprise Development	Skills Development	
Purpose	<ul style="list-style-type: none"> a) promote and implement policies, programmes and projects aimed at support of emerging enterprises sector. b) 	<ul style="list-style-type: none"> a) promote and implement policies, programmes and projects aimed at human resource development b) advise all organs of state on human resource development in relation to public sector management of construction delivery; c) develop and promote appropriate training programmes for public sector officials. 	
Sub-Programmes	Developmental Procurement & Delivery Improvement		
Purpose	<ul style="list-style-type: none"> a) initiate, promote and implement national programmes and projects aimed at the standardisation of procurement documentation, practices and procedures. b) identify delivery constraints in the public sector and advise the Minister on policy, practice and procedural reform in relation to public sector client performance and public sector capacity improvement; c) publish a code of conduct for all construction-related procurement and all participants involved in the procurement process. 		

Programme 5, Procurement and Development, is the custodian for the following instruments:

- a) cidb Development Support Framework and best practice scheme
- b) cidb Standard for Uniformity.

This Programme is also the custodian of the cidb skills development strategy.

Outcomes, Outputs, Performance Indicators and Targets

Outcome	Outputs	Output Indicators	Annual Targets Audited/Actual Performance				Estimated Performance 2020/21	MTEF Period		
			2016/17	2017/18	2018/19	2019/20		2021/22	2022/23	2023/24
1.1. Increased Black ownership and participation	1.12. Learners offered experiential learning opportunities	Number of learners offered experiential learning opportunities	N/A	N/A	New	118	500	150	200	400

Indicators, Annual and Quarterly Targets

Output Indicators	Annual Target	Q1	Q2	Q3	Q4
Number of learners offered experiential learning opportunities	150	N/A	50	50	50

- Trade missions present an opportunity for registered contractors to access work from cross border engagements. Thus, this output contributes directly to fulfilling the targets for access to work outcomes indicators for both black and woman-owned enterprises.
- Business advisory services are currently provided on an ad-hoc basis to registered contractors. Going forward, a structured framework will be developed to provide a systematic approach to providing advisory services to registered contractors.
- Enhancing the competitiveness of the labour force within the construction industry improves the productivity of contractor enterprises. The WorldSkills Programme presents an opportunity for talented individuals to showcase their expertise whilst observing and learning international best practice. To source talents for the WorldSkills Programme, TVET colleges are invited to compete in local competitions. It has been shown that training, qualifying for and competing in the competitions equal up to five years of professional training. The cidb enables this by facilitating capacity building and logistics for intercollege and provincial competitions.
- CDPs have proven effective in increasing the rate of development of contractors. Engagement with stakeholders has shown limitations in the current design of the NCDP framework. The cidb plans to alleviate this to increase the roll-out of CDP initiatives by client departments.

1.6 Programme 6: Provincial Offices

Programme 6	Provincial Offices	
Purpose	Provincial offices provide for the implementation of the cidb products and services	
Sub-Programmes	Regulation	Procurement and Development
Purpose	a) contractor registration receiving and assessment; b) compliance	a) enterprise development; b) skills development; c) developmental procurement & delivery improvement d) Client capacitation

The cidb Provincial Offices provide for the implementation of the cidb products and services at the local level. Based on the revised operating model, provincial offices are positioned to provide support to clients and contractors regarding various issues. Strategically, provincial offices will offer services to address three priorities:

- Client capacitation, linked to Programme 5
- Contractor development, linked to Programme 5
- Registration advisory and support, links to Programme 3
- Compliance (RoP and SFU) , linked to Programme 2 and 5

Outcomes, Outputs, Performance Indicators and Targets

Outcome	Outputs	Output Indicators	Audited/Actual Performance				Annual Targets		MTEF Period		
			2016/17	2017/18	2018/19	2019/20	Estimated Performance 2020/21	2021/22	2022/23	2023/24	
1.3. Contractors Development	1.13. Client departments capacitated to implement contractor development	Number of client departments capacitated on contractor development	N/A	N/A	N/A	NEW	20	22	25	27	
	1.14. Contractor development support provided to Grade 1 to 6 contractors	Number of Grade 1 to 6 contractors provided with contractor development support	N/A	N/A	N/A	New	256	270	285	300	
1.4. Performance Driven Clients	1.15. Client officials capacitated on IDMS	Number of client departments capacitated on IDMS	N/A	N/A	N/A	New	60	70	80	90	

Indicators, Annual and Quarterly Targets

Output Indicators	Annual Target	Q1	Q2	Q3	Q4
Number of client departments capacitated on contractor development	22	3	6	4	9
Number of Grade 1 to 6 contractors provided with contractor development support	270	40	73	68	89
Number of client departments capacitated on IDMS	70	10	20	25	15

- Client departments currently engage in contractor development initiatives that either do not comply with the NCDP or are outside of its scope. The cidb provincial offices plan to engage with client departments to guide best practice in the planning and implementation of contractor development initiatives to ensure that development outcomes are achieved in the most effective manner.
- Provincial offices will support contractors by providing development services. These services will be formalised with the completion of a cidb Business Advisory Framework by Programme 5. Current interventions will seek to support contractors in legislated requirements, financial management, administration and other requirements. The cidb will leverage partnerships with development agencies where possible to enable the interventions mentioned.
- In terms of skills development and job creation, the cidb will offer experiential learning opportunities targeting the youth. Indirectly, it also aims to increase the supply of skilled young workers within the construction industry to increase work capacity and performance of registered contractors. Slow uptake has been experienced historically, however, greater resources will be placed on this output to build momentum and stakeholder buy-in.
- The Infrastructure Delivery Management System (IDMS) is a government management system for planning, budgeting, procurement, delivery, maintenance, operation and monitoring and evaluation of infrastructure. The cidb aims to capacitate municipal clients through workshops and training sessions on IDMS to improve their performance.

2. Programme Resource Considerations

Medium Term Expenditure Framework - budget for period 2021 - 2024					
Entity name		Construction Industry Development Board			
Rand thousand					
Programmes	2019/20	2020/21	2021/22	2022/23	2023/24
Administration	82 044	86 556	92 719	90 737	91 646
Research and Development		7 000	7 350	13 232	13 973
Construction Industry Regulation	71 384	33 343	35 387	37 156	39 237
Construction Industry Performance	16 039	16 921	17 685	18 604	19 646
Procurement and Development	14 693	15 501	15 484	16 309	17 222
Provincial Offices		35 000	36 750	38 588	40 748
Total Budget	184 160	194 321	205 375	214 626	222 473

Revenue collection					
	2019/20	2020/21	2021/22	2022/23	2023/24
Government Grant	76 160	78 742	78 166	80 012	80 320
Registration fees	99 200	106 294	117 414	124 330	131 293
Finance income	8 801	9 285	9 795	10 284	10 860
Total Budget	184 160	194 321	205 375	214 626	222 473

Programme 1 - The Administration programme plays a crucial role in the delivery of cidb services through a range of support services, such as human resources, information and communication technology, risk management, communication, and finance. Key deliverables from this programme will be to achieve sound corporate governance and promote an ethical environment in achieving the desired outcome of a clean audit. The following are operational risks that were identified that may impact the programme performances: failure to pay financial obligations and creditors; loss of projected revenue; financial system failures; reliance on few key personnel; change management and delays in implementing software development.

Programme 2 – Research and Development will lead research activities based upon the information and data gathered from the construction industry. Key deliverables from this programme will be insights to guide the development and design of the cidb’s interventions aligned to its mandate and the context of the construction industry. The following are operational risks that were identified that may impact the programme performances; reliance on service providers; failure to achieve performance target and staff challenges.

Programme 3 – Construction Industry Regulation is responsible for maintaining the National Register of Contractors, the Contractor Recognition Scheme, the Register of Projects and the Project Assessment Scheme and to monitor and enforce compliance with cidb prescripts. Key deliverables from this programme will be to enforce compliance with cidb’s prescripts and provide enabling tools in the form of the register of contractors that facilitates the procurement of targeted enterprises, which allows client departments, including DPWI, to provide expanded work opportunities to black-owned and managed contractors. The following are operational risks that were identified that may impact the programme to achieve its deliverables; system challenges and power outages that affects the contractor’s registration turnaround times and work backlog.

Programme 4 – Construction Industry Performance determines and establishes best practice that promotes improved industry stability and improved industry performance, efficiency, and effectiveness. Key deliverables from this programme will be to monitor and evaluate the performance of the industry to ensure that the cidb is achieving the desired outcome of transformation and development. The following are operational risks that were identified that may impact the programme to achieve its deliverables; unavailability of required data from internal and external sources; shortage of staff; poor response from infrastructure clients and delays in the appointment of service providers.

Programme 5 - Procurement and Development is responsible for initiating, promoting, and implementing national programmes and projects aimed at the standardisation of procurement documentation, practices, and procedures. It is also to develop and implement policies, programmes, and projects aimed at support of emerging enterprises and skills development. Key deliverables from this programme will be to offer development support to contractors and clients as part of the initiative to attain the desired outcome of transformation and inclusive growth. The following are operational risks that were identified that may impact the programme to achieve its deliverable; human and financial constraints due to Covid-19 impact on the execution of the development strategy and delays in SCM processes in the appointment of service providers.

Programme 6 - Provincial offices support contractors by providing development services. These services will be formalised with the completion of a cidb Business Advisory Framework by Programme 5. Current interventions seek to support contractors in legislated requirements, financial management, administration, and other requirements. The following are operational risks that were identified that are affecting the programme performances: business closure and interruptions due to covid-19 cases; power outages at some of the offices; poor conditions of the office buildings and limited capacity to deliver the services.

3. Key Risks

Outcome	Key Risk	Risk Mitigation
<p>1.1. Increased Black-Ownership and Participation</p>	<p>Industry transformation is moving at a slow pace</p>	<ul style="list-style-type: none"> Rollout Business Advisory Centres Provide a guide on procurement reforms to NT on an annual basis Review of the NCDP framework to enable transformation in the industry Assess the registration criteria and its application in procurement processes Best Practice Project Assessment Scheme, including establishment of credit fund Capacitate client departments on IDMS through the provincial offices Designated emerging group support initiatives (e.g. Women in Construction)
<p>1.2. Increased Woman-Ownership and Participation</p>		
<p>1.3. Contractor and Skills Development</p>	<p>Inadequate initiatives and efforts to develop and grow the industry</p>	<ul style="list-style-type: none"> Ongoing assessment of contractors on Contract Development Programme Implementation of experiential contractor training programme Promotion of the client capacitation programmes Engage DPWI regarding Minister's approval of the Best Practice Fee into Regulation, as a financing mechanism
<p>1.4. Performance Driven Clients</p>	<p>Public-sector capital budget-underspending</p>	<ul style="list-style-type: none"> Investigate to establish the root causes and impact of capital budget underspending.

		<ul style="list-style-type: none"> Developed a competence framework for infrastructure procurement Working with DPWI to amend cidb Act to include the Client Recognition Scheme
1.5. Reduced Non-Compliance and Fraud	Non-compliance to cidb prescripts. (Private sector)	<ul style="list-style-type: none"> Implement enhanced compliance strategy. Private sector capacitation and awareness. Enhance compliance strategy to include private sector Lobby for the review of the CIDB Act to enable and empower the Act to regulate the private sector.
	Non-compliance to cidb prescripts. (Public sector)	<ul style="list-style-type: none"> Extend the scope of the CIDB Act to enable and empower it to regulate the private sector. Review public sector compliance strategy
1.6 Ethical and Performance driven cidb	Possibility of internal fraud	<ul style="list-style-type: none"> Annual fraud and ethics awareness Zero tolerance Culture Anti- Fraud Prevention and Detection Plan and policy Reporting anonymous hotline Investigation fraud team Disciplinary policy Fraud awareness planned for November 2020. Implementing the recommendations of the Anti-bribery Management System
	Possibility of External Fraud	<ul style="list-style-type: none"> Use of strong passwords Prohibition of social media Protection of data using encryption Protection of online identity Protect computer with firewall and Antivirus Install latest patches and updates on all computers
	Failure to achieve performance target (underperformance)	<ul style="list-style-type: none"> Review performance on a quarterly basis by EXCO Conduct staff quarterly performance sessions Division quarterly performance meeting APP targets awareness

		<ul style="list-style-type: none"> • Performance contracts • Divisional /Departmental targets • Exco and Board oversight • Key positions are being filled
	Poor performance of information systems	<ul style="list-style-type: none"> • Strengthening the change management process. • Reducing the risk by limiting/piloting the release of new changes. • Project support team • High availability of Super users and system owners for training, scoping & testing • Incident management
1.7 Manage the impact of the spread of COVID19	Loss of projected revenue	<ul style="list-style-type: none"> • Cost management- Line Managers to review their expenditure and to identify areas where they can reduce their operational costs. • Enhancing online services • Opening registration services • Redesign the processes • Maximise revenue
	Possible staff infected at workplace	<ul style="list-style-type: none"> • Employees with symptoms of fever, coughing, sore throat or tight chest should not come to work • Screening is performed before entering workplace
	Inadequate funds to fill approved positions.	<ul style="list-style-type: none"> • Redesign the processes • Vacancies will be filled on phase approach, current staff can act on vacant positions • Outsourcing some of services • Key positions are being prioritised and filled

4. Infrastructure Projects

No infrastructure projects have been planned for the cidb.

PART D - TECHNICAL INDICATOR DESCRIPTION (TID)

1. Programme 1: Administration

Indicator Title	1.1 Number of fraud Awareness Workshops for staff
Definition	<ul style="list-style-type: none"> The indicator measures the number of fraud awareness workshops held for staff.
Source of data	<ul style="list-style-type: none"> Calendar of event and attendance register
Method of Calculation / Assessment	The number of fraud awareness held with staff within a financial year
Assumptions	All employees are ethical and comply with rules and regulations.
Disaggregation of Beneficiaries (where applicable)	<ul style="list-style-type: none"> N/A
Spatial Transformation (where applicable)	<ul style="list-style-type: none"> N/A
Calculation type	Cumulative
Reporting Cycle	<ul style="list-style-type: none"> Quarterly
Desired performance	<ul style="list-style-type: none"> Zero tolerance to fraud and corruption
Indicator Responsibility	<ul style="list-style-type: none"> Risk Manager

Indicator Title	1.2. % System Uptime
Definition	<ul style="list-style-type: none"> The indicator measures the percentage of operational hours within the cidb where ICT system is online and functioning
Source of data	<ul style="list-style-type: none"> Downtime record
Method of Calculation / Assessment	<ul style="list-style-type: none"> N1 = sum of time taken to recover from each system failure reported / Q N2 = sum of required system availability per quarter N3 = $100 * (N1 / N2)$ % System Uptime = $100 - N3$
Assumptions	All systems are always available
Disaggregation of Beneficiaries (where applicable)	<ul style="list-style-type: none"> N/A
Spatial Transformation (where applicable)	<ul style="list-style-type: none"> N/A
Calculation type	Non-cumulative
Reporting Cycle	<ul style="list-style-type: none"> Quarterly
Desired performance	93% of system uptime
Indicator Responsibility	<ul style="list-style-type: none"> Chief Information Officer

Indicator Title	1.3. % of expenditure spent on BBBEE compliant suppliers
Definition	<ul style="list-style-type: none"> The indicator measures the percentage of the cidb's procurement expenditure that was targeted at BBBEE compliant suppliers
Source of data	<ul style="list-style-type: none"> National Treasury Report
Method of Calculation / Assessment	<ul style="list-style-type: none"> $100 * (\text{The sum of BBBEE compliant procurement expenditure}) / (\text{The sum of all procurement expenditure within the quarter under review})$
Assumptions	The cidb is complying with BBBEE requirements.
Disaggregation of Beneficiaries (where applicable)	<ul style="list-style-type: none"> N/A
Spatial Transformation (where applicable)	<ul style="list-style-type: none"> N/A
Calculation type	Cumulative
Reporting Cycle	<ul style="list-style-type: none"> Quarterly
Desired performance	<ul style="list-style-type: none"> 90% spend on BBBEE
Indicator Responsibility	<ul style="list-style-type: none"> Chief Financial Officer

Indicator Title	1.4. % of the invoices paid within 30 days
Definition	<ul style="list-style-type: none"> The indicator measures the percentage of compliant supplier invoices paid within 30 days of their submission to the cidb
Source of data	<ul style="list-style-type: none"> Invoice and payment report
Method of Calculation / Assessment	<ul style="list-style-type: none"> 100*(The sum of supplier invoices within 30 days of submission) divided by (The sum of all supplier invoices paid within the quarter under review)
Assumptions	Suppliers invoices are timeously paid
Disaggregation of Beneficiaries (where applicable)	<ul style="list-style-type: none"> N/A
Spatial Transformation (where applicable)	<ul style="list-style-type: none"> N/A
Calculation type	Non-cumulative
Reporting Cycle	<ul style="list-style-type: none"> Quarterly
Desired performance	<ul style="list-style-type: none"> 100% of invoice paid within 30days.
Indicator Responsibility	<ul style="list-style-type: none"> Chief Financial Officer

Indicator Title	1.5. Number of stakeholder forums conducted
Definition	<ul style="list-style-type: none"> The indicator measures the number of stakeholder forums conducted as legislated within the cidb Act to deal with challenges on construction industry
Source of data	<ul style="list-style-type: none"> Stakeholder Forum Meeting Report Registers of Attendance
Method of alculation / Assessment	<ul style="list-style-type: none"> The number of stakeholder forums conducted
Assumptions	The stakeholder meetings are held as legislated
Disaggregation of Beneficiaries (where applicable)	<ul style="list-style-type: none"> N/A
Spatial Transformation (where applicable)	<ul style="list-style-type: none"> N/A
Reporting Cycle	<ul style="list-style-type: none"> Annual
Desired performance	<ul style="list-style-type: none"> One or more forums
Indicator Responsibility	<ul style="list-style-type: none"> Director: Communications

2. Programme 2: Research and Development

Indicator Title	1.6. Number of research studies conducted
Definition	<ul style="list-style-type: none"> The indicator measures the number of reports developed by this programme covering the impact of socio-economic variable on construction industry development
Source of data	<ul style="list-style-type: none"> Report on transformation and development impact assessment
Method of Calculation / Assessment	<ul style="list-style-type: none"> Number of researches conducted to assess the impact on construction industry development
Assumptions	<ul style="list-style-type: none"> Research on transformation and development is generated and assessed.
Disaggregation of Beneficiaries (where applicable)	<ul style="list-style-type: none"> N/A
Spatial Transformation (where applicable)	<ul style="list-style-type: none"> N/A
Reporting Cycle	<ul style="list-style-type: none"> Annual
Desired performance	<ul style="list-style-type: none"> Two or more research reports
Indicator Responsibility	<ul style="list-style-type: none"> Director: Research and Development

3. Programme 3: Construction Industry Regulation

Indicator Title	1.7. Number of reports on revised registration criteria
Definition	<ul style="list-style-type: none"> The indicator measures the sum reports developed from revising the registration criteria
Source of data	<ul style="list-style-type: none"> Old registration criteria revised
Method of Calculation / Assessment	<ul style="list-style-type: none"> Number of report developed within the financial year
Assumptions	<ul style="list-style-type: none"> The Minister approves the revised registration criteria
Disaggregation of Beneficiaries (where applicable)	<ul style="list-style-type: none"> N/A
Spatial Transformation (where applicable)	<ul style="list-style-type: none"> N/A
Reporting Cycle	<ul style="list-style-type: none"> Annual
Desired performance	<ul style="list-style-type: none"> One revised registration criteria report
Indicator Responsibility	<ul style="list-style-type: none"> Director: Construction Industry Regulation

Indicator Title	1.8. Number of non-registered identified projects against the Register of Projects
Definition	<ul style="list-style-type: none"> The indicator measures the number of projects identified but not captured on the Register of Projects
Source of data	<ul style="list-style-type: none"> Money for Jam Report
Method of Calculation / Assessment	<ul style="list-style-type: none"> Sum of projects identified by the Money for Jam initiative verified against the Register of Projects
Assumptions	<ul style="list-style-type: none"> All infrastructure projects have been registered in the Register of Projects
Disaggregation of Beneficiaries (where applicable)	<ul style="list-style-type: none"> N/A
Spatial Transformation (where applicable)	<ul style="list-style-type: none"> N/A
Reporting Cycle	<ul style="list-style-type: none"> Quarterly
Desired performance	<ul style="list-style-type: none"> 1500 of projects identified as not registered on the Register of Projects
Indicator Responsibility	<ul style="list-style-type: none"> Director: Construction Industry Regulation

Indicator Title	1.9 % of Grade 1 to 9 contractors registered within 21 working days for compliant applications
Definition	The indicator is a measure of the percent of contractor applications in Grades 1 to 9 activated within 21 working days for compliant applications, expressed as a percentage of the total number of compliant applications activated within the period under review.
Source of data	<ul style="list-style-type: none"> Data on activation of registration is obtained from the Registers Software System (CRM System).

Method of Calculation / Assessment	<p>The indicator is determined as follows, for the period under review:</p> <ul style="list-style-type: none"> • N1 = the number of compliant applications activated as obtained from the CRM System, for the period under review • N2 = the total number of compliant registration applications activated within 21 working days or less from date of receipt as obtained from the CRM System, for the period under review • %N3 = $N2/N1 * 100$ • %N3 = % of Grade 1 to 9 contractors registered within 21 working days <p>Note:</p> <ul style="list-style-type: none"> • Working days are days when cidb offices are open for business. Working days excludes public holidays, December shutdown and days when cidb is not open for business due to unplanned closures such as Covid-19 disruptions, power failures and industrial action. • Applications activated for the quarter under review is used to calculate the turnaround time • Only compliant applications will be considered • Where non-compliant applications were received that subsequently became compliant, the records will be calculated from the date of compliance • Records from the CRM system indicating processing time of zero days means that the application was processed in less than 24 hours from receipt
Assumptions	<ul style="list-style-type: none"> • System working as planned
Disaggregation of Beneficiaries (where applicable)	<ul style="list-style-type: none"> • N/A
Spatial Transformation (where applicable)	<ul style="list-style-type: none"> • N/A
Reporting Cycle	<ul style="list-style-type: none"> • Quarterly
Desired performance	<ul style="list-style-type: none"> • 90% of Grade 1 to 9 contractors registered within 21 working days for compliant applications
Indicator Responsibility	<ul style="list-style-type: none"> • Director: Construction Industry Regulation

4. Programme 4: Construction Industry Performance

Indicator Title	1.10. Number of industry Monitoring and Evaluations assessments conducted
Definition	<ul style="list-style-type: none"> • The indicator measures the number of reports published by this programme which monitor the construction industry in terms of Supply and Demand, Contractor Development, Employment and Transformation and Compliance Monitors
Source of data	<ul style="list-style-type: none"> • RoC and RoP
Method of Calculation / Assessment	<ul style="list-style-type: none"> • The sum of cidb Construction Monitor reports published on the cidb website
Assumptions	<ul style="list-style-type: none"> • Increase in compliance with RoC and RoP
Disaggregation of Beneficiaries (where applicable)	<ul style="list-style-type: none"> • N/A
Spatial Transformation (where applicable)	<ul style="list-style-type: none"> • N/A
Reporting Cycle	<ul style="list-style-type: none"> • Quarterly
Desired performance	<ul style="list-style-type: none"> • 4 reports produced
Indicator Responsibility	<ul style="list-style-type: none"> • Director: Construction Industry Performance

Indicator Title	1.11. Number of reports on public sector expenditure
Definition	<ul style="list-style-type: none"> Indicator that measures public infrastructure investment
Source of data	<ul style="list-style-type: none"> National Treasury and Reserve Bank
Method of Calculation / Assessment	<ul style="list-style-type: none"> Infrastructure budget allocations compared to total infrastructure expenditure
Assumptions	<ul style="list-style-type: none"> Public sector spends allocate budget.
Disaggregation of Beneficiaries (where applicable)	<ul style="list-style-type: none"> N/A
Spatial Transformation (where applicable)	<ul style="list-style-type: none"> N/A
Reporting Cycle	<ul style="list-style-type: none"> Annual
Desired performance	<ul style="list-style-type: none"> One or more reports every two years
Indicator Responsibility	<ul style="list-style-type: none"> Director: Construction Industry Performance

5. Programme 5: Procurement and Development

Indicator Title	1.12. Number of learners offered experiential learning opportunities
Definition	<ul style="list-style-type: none"> The indicator measures the number of learners within institutions who have been provided with experiential learning opportunities
Source of data	<ul style="list-style-type: none"> Cidb Learner Management Systems
Method of Calculation / Assessment	<ul style="list-style-type: none"> Number of learning opportunities provided to learners
Assumptions	<ul style="list-style-type: none"> Clients' support the cidb standard for developing skills through infrastructure contractors
Disaggregation of Beneficiaries (where applicable)	<ul style="list-style-type: none"> Woman target – 40% Youth target – 95%
Spatial Transformation (where applicable)	<ul style="list-style-type: none"> N/A
Reporting Cycle	<ul style="list-style-type: none"> Quarterly
Desired performance	<ul style="list-style-type: none"> 150 leaners offered experiential learning opportunities
Indicator Responsibility	<ul style="list-style-type: none"> Director – Skill Development

6. Programme 6: Provincial Offices

Indicator Title	1.13. Number of client departments capacitated on contractor development
Definition	<ul style="list-style-type: none"> The indicator measures the number of client departments capacitated on contractor development programmes
Source of data	<ul style="list-style-type: none"> MoU's between cidb and Client Departments and records of engagement
Method of Calculation / Assessment	<ul style="list-style-type: none"> The sum of client departments capacitated on contractor development programmes
Assumptions	<ul style="list-style-type: none"> The cidb provides support to clients to implement contractor development programmes
Disaggregation of Beneficiaries (where applicable)	<ul style="list-style-type: none"> N/A
Spatial Transformation (where applicable)	<ul style="list-style-type: none"> N/A
Reporting Cycle	<ul style="list-style-type: none"> Quarterly
Desired performance	<ul style="list-style-type: none"> 22 clients capacitated in implementing contractor development support
Indicator Responsibility	<ul style="list-style-type: none"> Director: Procurement and Development

Indicator Title	1.14. Number of Grade 1 to 6 contractors provided with contractor development support
Definition	<ul style="list-style-type: none"> The indicator measures the number of Grade 2 to 6 registered contractors who have accessed development support through the cidb Provincial Offices
Source of data	<ul style="list-style-type: none"> Records of advisory services provided e.g attendance registers ,rating forms
Method of Calculation / Assessment	<ul style="list-style-type: none"> A total of Grade 1 to 6 contractors provided contractor development support
Assumptions	<ul style="list-style-type: none"> The cidb has internal capacity to provide contractor development support
Disaggregation of Beneficiaries (where applicable)	<ul style="list-style-type: none"> N/A
Spatial Transformation (where applicable)	<ul style="list-style-type: none"> N/A
Reporting Cycle	<ul style="list-style-type: none"> Annual
Desired performance	<ul style="list-style-type: none"> 270 grade 1 to 6 contractors developed
Indicator Responsibility	<ul style="list-style-type: none"> Provincial Managers

Indicator Title	1.15. Number of client departments capacitated on IDMS
Definition	<ul style="list-style-type: none"> The indicator measures the number of client departments who have been capacitated on IDMS Capacitation will take place using various method e.g online , workshops and one-on-one engagements
Source of data	<ul style="list-style-type: none"> Capacitation Reports
Method of Calculation / Assessment	<ul style="list-style-type: none"> Number of client departments indicated on the attendance registers
Assumptions	<ul style="list-style-type: none"> Client Departments capacitated and implementing IDMS
Disaggregation of Beneficiaries (where applicable)	<ul style="list-style-type: none"> N/A
Spatial Transformation (where applicable)	<ul style="list-style-type: none"> N/A
Reporting Cycle	<ul style="list-style-type: none"> Quarterly
Desired performance	<ul style="list-style-type: none"> 70 of clients capacitated on IDMS
Indicator Responsibility	<ul style="list-style-type: none"> Provincial Managers