

1. IMPLEMENTATION METHODOLOGY: LOCAL SUPPLIER DEVELOPMENT PROGRAMME

1.1 Development of Policy

Economic Development on behalf of municipality is to develop a policy for adoption by the council which will be a guiding document in implementation of this Local Supplier Development Programme.

This document now exists and has been adopted by council on 31 March 2015.

1.2 Development of Implementation Plan

Following the adoption of the SME Policy, Economic Development on behalf of municipality is to develop an Implementation Plan. This document is dedicated to give a broader framework for the detail and technical implementation plan.

1.3 Programme Mobilization

1.3.1 Creating Local Emerging Supplier Database (LESD).

Step 1: Municipality will encourage the interested parties to register to Municipal Supplier Database

Level 1 Local Business Database following the present and existing processes.

Step 2: Municipal to uses the policy definition of Emerging Local Supplier to create the **Level 2 Business Database**. The qualification to be as such that, it recognize the following:

- **Locality** – first preference is to be given to companies majority owned by local residence(s) of Nelson Mandela Metropolitan Municipality.
- **Core Service** – second preference is also be given to companies whose service is on the targeted sector.
- **Broad-Based Black Economic Empowerment (B-BBEE)** – Ownership (Black and Women percentage) and BBEE status level of contributor.

Step 3: The final phase is to create the **Local Emerging Supplier Database (LESD)** refer to as **Level 3 Business Database** from feeder which is the Level 2 Business Database. The informers of this will be as follows:

- **Available work opportunities** in that financial year.
- **Areas/wards** which assignments will be executed.

- **Levels or Construction Industry Development Board (CIDB) Grades** required on identified work opportunities.

Policy Selection Method: after identifying available work opportunities for the specific financial year, the LES – PMO through value engineering process, will determine targeted number of LES for DC consideration and approval.

- ❖ SCM will develop and maintain a cash/budget backed institutional procurement plan.
- ❖ EDRS together with SCM will determine which projects will be ring fenced for the supplier development programme.
- ❖ SCM will be responsible for monitoring and enforcement of compliance with the approved procurement plan
- ❖ Corporate Services (IT), Budget and Treasury (SCM) and EDRS (Relevant section) jointly will develop a system which will automatically populate a list of prospective providers based on their CIDB grades, BBBEE status and ward numbers
- ❖ SCM will be responsible for conducting physical verification - verification of local status / ward numbers
- ❖ System will be designed to automatically rotate Prospective Providers (PP).

Rotation process for projects not exceeding R_____

- Request for quotations will be electronically sent to 5 PP (via email) who will be on top of the list
- Only one (1) quotation will be considered
- Under/Overpriced quotations will be rejected (Only realistic quotations will be considered)
- Awarded bidder will exit level and promoted to the next level
- Other 4 bidders will move to the bottom of the list until they are afforded they qualify to exit this level
- In the event that the PP updates its status i.t.o higher CIDB, system will automatically move the PP to the appropriate level.

The Development Committee will from time to time as part of Monitoring and evaluation, identify needs and add numbers from level 2 to level 3 using the policy selection method.

- 1.3.2** Mobilize Internal Departments to commit on three years work opportunities for participation of our Local Emerging Suppliers.

The commitments are to be recorded and be presented to Development Committee for adoption.

- 1.3.3** Establish of Local Emerging Suppliers – Development Committee.

Municipality should then appoint representatives from all departments to form a Development Committee that will monitor and evaluate the performance of the Local

Supplier Development Programme. This committee is to be chaired by Economic Development.

The Municipality may decide to include external members from affected organization or stakeholders even if is for quarterly meetings. That will boost the confidence and trust to the management of the programme.

1.3.4 Establish the Local Emerging Supplier – Programme Management Office (LES-PMO)

The Economic Development together with SCM Unit will establish a LES – PMO for planning, mobilizing, execution and reporting of the Local Supplier Development Programme.

Main Roles & Responsibilities

□ Databases Management

Compliance - Making sure the Level 2 and 3 Business databases are compliant to all necessary legal and industrial requirements.

Administration – Keep both level 2 and 3 databases

Active by up-dating the data from Local Emerging Suppliers including checking their compliance and inform them accordingly.

□ Value Engineering

Identification of Work Packages
Quantification of Required Candidates

□ Bid Management

Producing Work Packages
Develop Bid Documentation.
Technical & Developmental Evaluation

□ Training and Mentorship

Training Management and Facilitation
Technical and Business Mentorship

□ Development Monitoring & Evaluation

The EDTA and SCM unit to monitor and evaluate the development as per the industrial or sector standards. This will be done by monitoring each candidate or LES and assist accordingly.

□ **Reporting**

Monthly: the EDTA and SCM Unit to report to Development Committee on monthly basis. Quarterly: the mentor will do quarterly report which is to be shared with each candidate and DC. DC may wish to interact with candidates as part of moderation.

Bi-Annual: the EDTA to facilitate a programme review sessions twice a year for promoting continuous improvement.

Annually: the EDTA to do an annual report for DC and council.

1.4 Programme Execution Plan

On establishment of PMO, mentor to assist in developing the detail and technical execution plan. This is to be presented to DC for consideration and approval.

1.5 Programme Monitoring & Evaluation

DC to develop a balance score card for the mentor for consideration and approval by Economic Development.

PMO through mentor to develop a balance score card for consideration by candidates and DC including approval.

1.6 Establish Programme Management Office

In meeting the treasury requirements and practice note 29 of CIDB, Local Emerging Contractors interested will be encouraged to go and renew or make new registration to Municipal Database managed Trade World. This will be a notice sent via local news papers and will give interested parties seven days to comply. It will also be communicated to relevant structures.

Seven days is to avoid people rushing to register new entities as existing once already above the demand.

1.7 Qualifying Candidates

First Round: to adjudicate according to the municipal requirements (Trade World Standards).

Second Round: to adjudicate according to CIDB and NHBRC compliances.

Third Round: to adjudicate according to locality (51% and above) should be owned by NMB Permanent Resident.

Department of Economic Development will then compile a Local Emerging Contractor Database base to results received from Trade World. This database will be taken through municipal structures for approval as one to be used to select participants of the development programme. This Database will be kept and managed by Economic Development.

1.8 Creating Work Packages

It is assumed that, the municipal will procure the services of the mentor which will have both accreditations from built industry and mentorship and be the one who will be responsible of taking responsibility of 25% targeted for LEC Participation. This will mitigate a risk of municipality be responsible for the failure or poor quality and avoid delay claims possible to be imposed by appointed Main Contractors.

The mentor then will assist municipality in creating works packages in accordance to CIDB or NHBR5 grading. This is to make sure on completion of the work by awarded LEC, up grading to next level is automatically.

Mentor to make sure, that packages are created for all targeted grades 1 to 5 or equivalent and special attendance is paid to grade 1, 2 and 3 as there are in big numbers.

1.9 Selecting LECs to Bid

This process is part of training and is a requirement from treasury but will be limited to an agreed number per package to avoid frustration but encourage individual to be used on the bidding process.

Principle, three quotes are required for every package.

These three are to be hand pick from the hat in front of the Development Monitoring Committee.

1.10 Adjudication and Award

Mentor to adjudicate the received quotations on price and empowerment and results is presented to Development Monitoring Committee for approval. The DMC will on monthly bases submit the progress report to Supply Chain.

2. APPROVALS

2.1 Bid Specification Committee

2.2 Bid Adjudication Committee

2.3 Bid Award Committee

3. PERFORMANCE MEASURES/OUTCOMES

3.1 No of Works Package per Annual

3.2 Prescribed Training Completed

3.3 Agreed Performance

4. ASSUMPTIONS AND CONSTRAINTS

All Infrastructure Department are in support of the programme and will avail work opportunities in support of the programme.