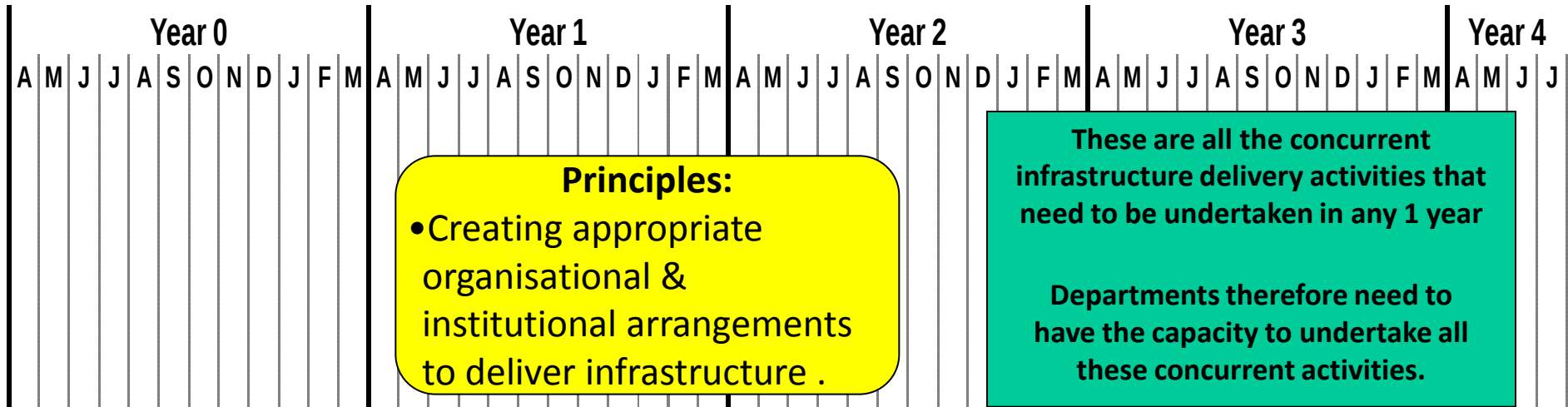


Limpopo Department of Education: Procurement strategy for Education infrastructure

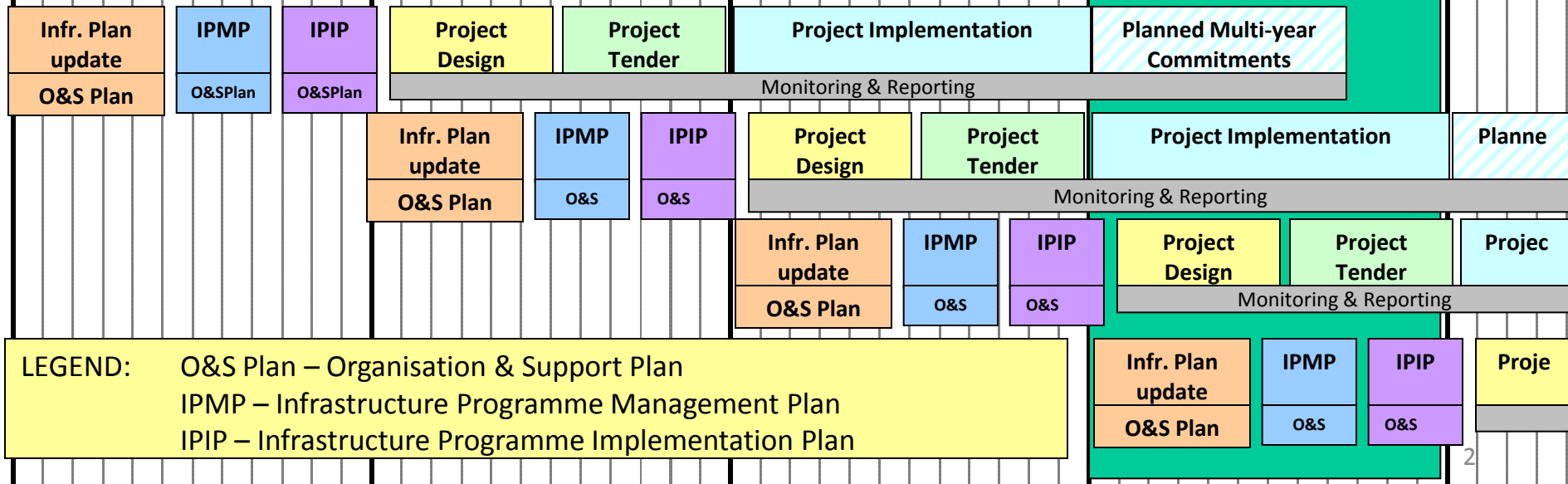
25 March 2010

Infrastructure Delivery Cycle

3 Year MTEF Period



Improved Infrastructure Delivery Cycle



Improving delivery in spite of capacity constraints

Effectiveness

- Strategic thinking, planning and action
- Strategic provisioning where needs vastly exceed available budgets

Efficiency

- Work smarter not harder
- Work programmatically not per project
- Match skills and tasks
- Reduce the burden of reporting (written and in meetings)
- Understand and improve systems and work processes
- Monitoring, reporting and management control over quality, cost, delivery time and other risks

SPAID PHASE 1: Assess the infrastructure plan

FINDINGS

- “the methodology which LDOE used to produce its infrastructure plan is logical and relatively robust. It is underpinned by equity considerations and appears to be directing expenditure towards the most urgent needs”
- “implementation of the resultant infrastructure plan would generally not result in procurement of ‘the wrong things’.”
- “We therefore recommend that the project proceed to the next phase of developing a procurement strategy to enable the infrastructure plan to be procured in the right way.”

WHAT DID LDOE GAIN?

- Formally documented the project identification and prioritisation policy in the IP
- Confidence in existing strategic planning processes

SPAID PHASE 2: Develop the generic procurement strategy

WHAT'S IN THE GENERIC STRATEGY?

- A comprehensive guide to possible procurement strategies
- Decision trees for the
 - Delivery management strategy (packaging the work)
 - Contracting strategy (risk management)
 - Procurement arrangements (achieving primary and secondary objectives)

WHAT DID LDOE GAIN?

- Clear guidance on the available options
- Other strategies may work better?

SPAID PHASE 3: Develop the education procurement strategy

PROCESS

Workshop input documents

- Analysis of the infrastructure budget in the infrastructure plan
- The generic procurement strategy

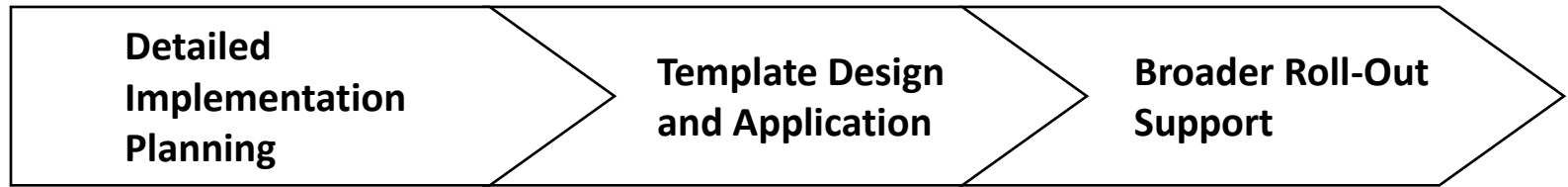
+ Discussion

=> Simplified and clear procurement strategy

WHAT DID LDOE GAIN?

- A fresh way to categorise and package work
- Smarter ways to manage construction risks by using the various contracting strategies
- Clear definition of primary and secondary objectives informing future procurement arrangements

SPAID PHASE 4: Assist LDOE to implement the procurement strategy



Objectives

- Alignment of key provincial and national stakeholders
- Preparation of procurement and contracting templates
- Support to LDOE in the application of new procurement and contracting strategy during procurement events
- Promote the application of the new Social Infrastructure Procurement and Contracting Strategies by other provincial and national departments
- Share LDOE experience with other provincial and national departments

Implementation plan for BT-funded implementation support (1/2)

- **Obtain approval in principle for the strategy**
 - **Comprehensive memorandum to CFO and HoD**
 - major areas of the strategy and its implications for internal and external stakeholders
 - reasons for implementing new strategy
 - how it is going to be implemented
 - **Formally inform provincial Treasury of new strategy**
 - **Formally register PPP with National Treasury and follow PPP processes**
 - Two schools in the Lephalale area still to be named
- **Consultation processes**
 - **Aims:**
 - Share and clarify the strategy
 - Allay fears about changes being introduced
- **Align LDoE SCM policies to CIDB frameworks**

Implementation plan for BT-funded implementation support (2/2)

- **Assist department through new procurement processes** (as and when required)
- **Develop standard procurement and contract documentation templates** (in consultation with CIDB)
- **Assist to explain new procurement and contracting methodologies** to internal and external stakeholders during consultation processes
 - **Two workshops for internal stakeholders**
 - Internal departmental workshop for affected staff members, particularly Supply Chain Management, and for Implementing Agents
 - Mini-conference with industry – professional service providers and contractors – including industry associations, with participation of CIDB
 - **One national workshop focusing on potential for roll-out** of approach to social infrastructure in other provinces (e.g. focus on provincial officials & IDIP coordinators)
- **Coach and support contractors and PSPs** (as and when required)
- **Transfer knowledge to officials** of the department

Capacity building

- **Training of relevant infrastructure management and SCM officials** from both LDoE and from Implementing Agents
 - ❑ Pricing and quality strategies, procurement procedures, targeted procurement procedures and tender evaluation procedures
 - ❑ Different forms of NEC contract
 - ❑ Drawing up and managing framework agreements
 - ❑ PPPs (through National Treasury)
 - ❑ For first three items above, Department will request assistance of CIDB

- **Training of PSPs and Contractors**
 - ❑ Seek assistance from CIDB, professional associations and Construction SETA
 - ❑ Could become prerequisite for appointment

Construction risks

- It costs more than expected
- The quality is not good enough
- It takes longer than expected to build
- It doesn't suit the end users' purpose
- It becomes redundant in less than 50 years

Risk reduction

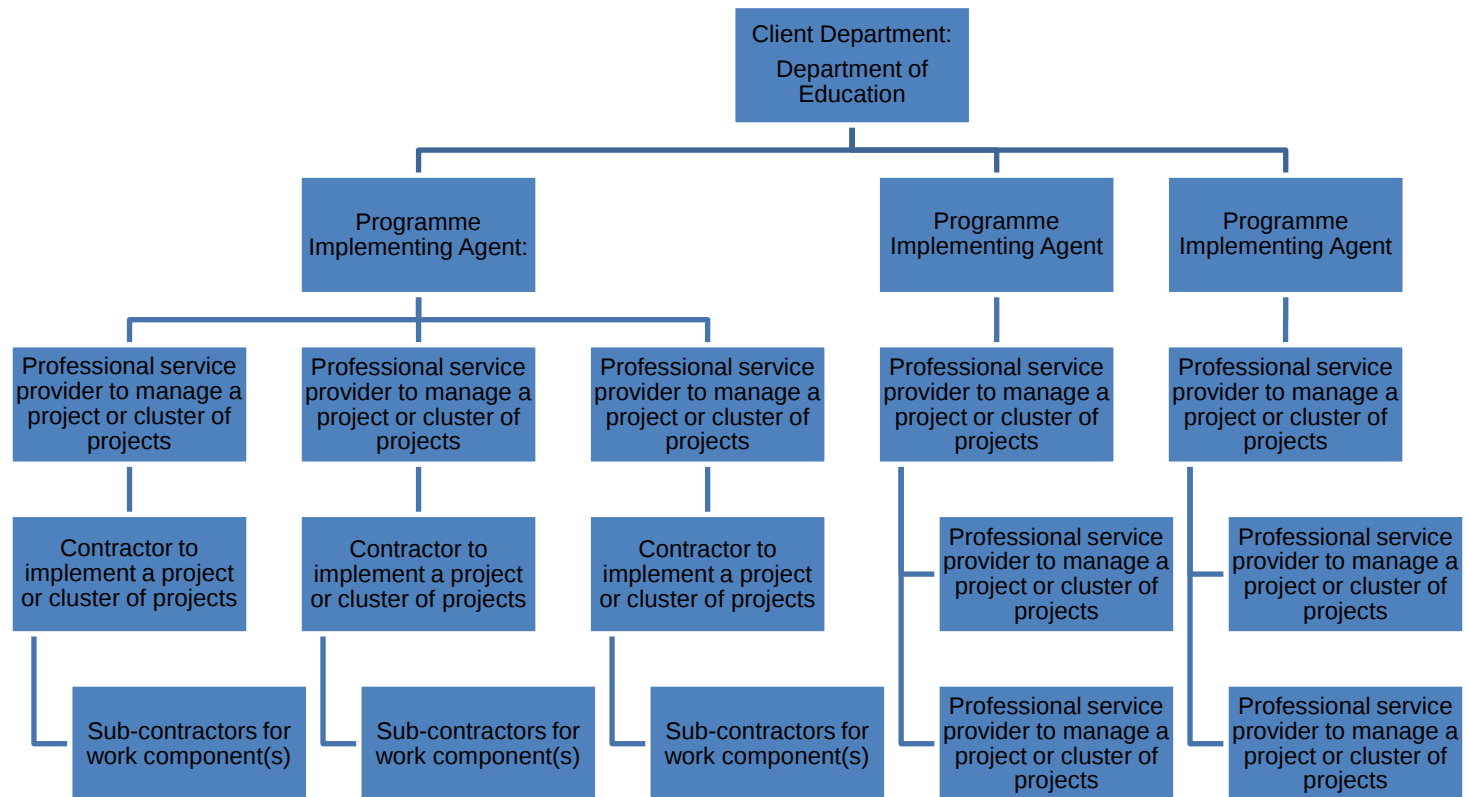
GETTING OFF TO A GOOD START

- Use the standard planning processes laid out in the **CIDB / IDIP toolkit**
- Select your **partners** carefully:
 - Implementing agent
 - Professional service provider
 - Contractor
- Give clear **direction** to the implementing partners
 - Define the scope of work clearly
 - Clear and standard contracts to define roles and responsibilities
- Detailed project **need assessment, scoping and planning**
 - Follow the proper detailed planning procedures and use the standard templates for project planning
 - Provide standard drawings and specifications, national norms and standards for school infrastructure, guidance on site layouts
 - Use standard procurement processes
 - Use standard construction contracts: JBCC, NEC, GCC, FIDIC

ACTIVE MANAGEMENT OF THE CONSTRUCTION TEAM

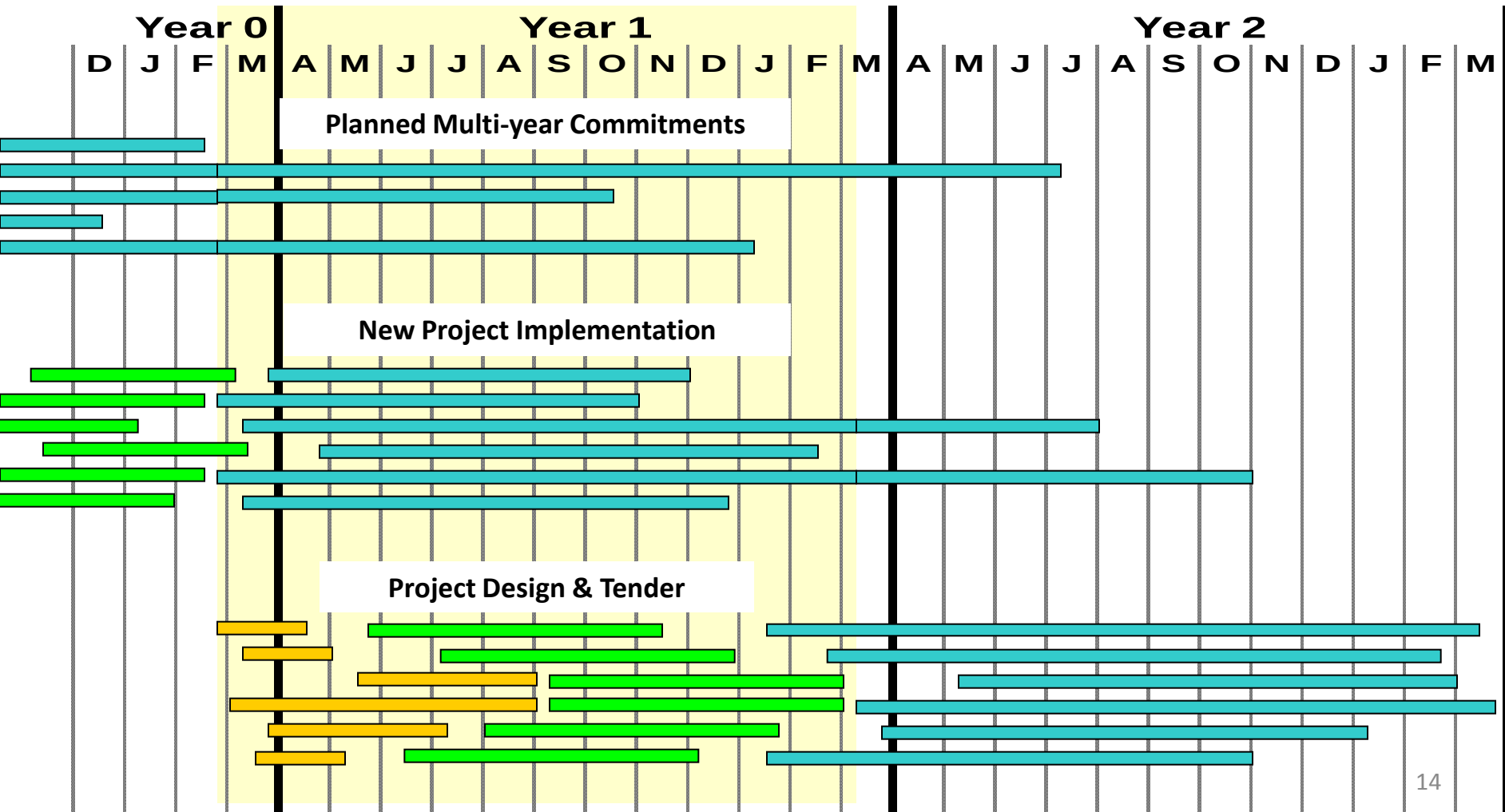
- Monitoring, reporting and **management control**
 - Standard reporting formats
 - Weekly management meetings
 - Monthly progress review with Implementing Agents
 - Monthly site meetings for contract management
 - => act on the results
- **Revise cost estimates** and budgets as planning progresses
 - Feasibility study
 - Approved scope of work in the current project
 - Pre-tender cost estimate
 - Contract award
 - Approval of variation orders
 - Final account

Construction partners during project delivery



Project planning

Project planning starts at least one year before construction starts



Education infrastructure challenges

BACKLOG

R21bn backlog for schools infrastructure compared to R1bn annual budget

- 171 storm damaged schools (R667m)
- 681 Schools with dilapidated buildings
- 700 Schools with inappropriate buildings
- 812 Schools with more than 45 learners per classroom
- 176 schools without electricity
- 694 Schools with more than 50 learners per toilet seat
- 176 schools without electricity
- .. Schools without water system

MAINTENANCE

Improve preventative maintenance by schools using the norms and standards allocations:

- Norms and standards allocation in 2009/10: R 614 291 000
- Small expenditure early on maintenance prevents expensive damage later
- Schools should act now rather than joining the waiting list for major rehabilitation later

Improve maintenance of education offices

Approaches

BACKLOG

Phased infrastructure delivery at schools:

- Phase A: Emergency rehabilitation to ensure school is safe and preserve existing assets
- Phase B: Classrooms, toilets, administration space and site works to allow school to function
- Phase C: Facilities described in the national norms and standards for infrastructure for the school to be effective

Strategy for education offices

Mobile classrooms

Using un/under used facilities differently

MAINTENANCE

Routine maintenance by schools

- Circular to schools with further guidance: forms, templates, target expenditure
- Schools to provide detailed maintenance report
- Mentorship by governance officials

Major rehabilitation by the provincial department

- Framework agreements to speed up the response time

Strategic plan for office maintenance

Infrastructure section operational issues

SUCSESSES

- Spending the full infrastructure budget every year
- Improved quality of end products
- Improved project delivery
- Improved alignment of infrastructure planning and delivery with the budget cycle
- Improved reporting

CHALLENGES FOR 2010/11

Compliance with new legislation

- GIAMA: Government immovable assets management act
- CIDB ACT: registration of all projects on the e-tender site
- Norms and standards for schools infrastructure
- Occupational health and safety
- Top slicing of the infrastructure budget for sector priorities

Effective infrastructure spending

- Design review for circuit office complexes, state of the art schools and mobile classrooms
- Strategies for education offices, warehouses, use of under-utilised facilities
- Improved communication with other sections

Efficient infrastructure spending

- Secure sufficient technical and management capacity
- Concurrent activities in 2010/11: Strategic planning for 2012/13, detailed project planning for 2011/12, project delivery for 2010/11, completion of existing multi-year projects
- Improved procurement strategies in line with CIDB Act and guidance
- Efficient team work and management of Professional service providers and contractors
- Early procurement of mobiles, furniture and other contracts