

# EPWP Large Project Support Strategy



# Background to Large Projects Initiative



- **July 2005 Cabinet Lekgotla**
  - Raised concerns about the size, impact and visibility of EPWP
  
- **Research by DPW**
  - Identified municipal constraints in implementing the EPWP
    - Under-expenditure
    - Lack of Capacity
    - Generally, a predominance of small projects
    - EPWP and MIG funded projects are small (Ave. R1.9m and R2.9m)
    - Limited focus on maintaining new infrastructure
    - Limited participation of Established Major Contractor (EMC)
  - Direct relationship between accelerating service delivery and accelerating the implementation of the EPWP
  - Research findings shared with DPLG



# Intervention Proposed

## January 2006 Cabinet Lekgotla

recommended that options for structuring large projects involving large contractors be investigated to accelerate capital expenditure and increase size of EPWP projects.



# EPWP Large Projects Strategy

- The EPWP Unit's Infrastructure Directorate supports Public Bodies to implement labour intensive infrastructure projects
- In order to have greater impact on poverty, the EPWP Unit is encouraging Public Bodies to increase labour intensity on projects with a value over R50 million



# EPWP: Large Projects

Two Support Strategies will be implemented by the Large Projects Directorate :

- Increase the labour intensive components of projects with a budget over R30 million
- Package projects to a value of over R30 million so that they can be implemented by a Large Contractor in partnership with small emerging contractors



## **Step One: Opportunity Identification**

- Conduct an analysis of the project lists of each municipality and Provincial Roads Department
- Identify projects with a value of over R50 million
- Identify opportunities for bundling projects
- Brief Public Body on the opportunities for Large Projects which have been identified

## **Outcome:**

**Commitment to participate in the Large Projects Support strategy**



## Step Two: Agree with Public Bodies on Large Project Approach

- Review projects identified as eligible for support
- Assess which Large Projects approach is appropriate for each project identified
  - Project specific support on current or planned large projects (budget over R50 million)
  - Agree the way in which projects may be packaged packaged for a Large Contractor to implement

### Outcome:

Projects to be supported agreed and loaded on MIS  
Project specific support plans developed.



## **Step Three: Technical Support**

### A) Technical Support to Large Projects over R30 million:

- Load Project on EPWP Infrastructure MIS
- Assist in design to ensure maximum labour intensity
- Review documentation to ensure compliance with the EPWP Guidelines
- Conduct Training Needs Assessment
- Advise on contractor and consultant compliance
- Monitor project delivery
- Monitor and ensure that labour intensive methods are used in implementation

## Step Three: Technical Support

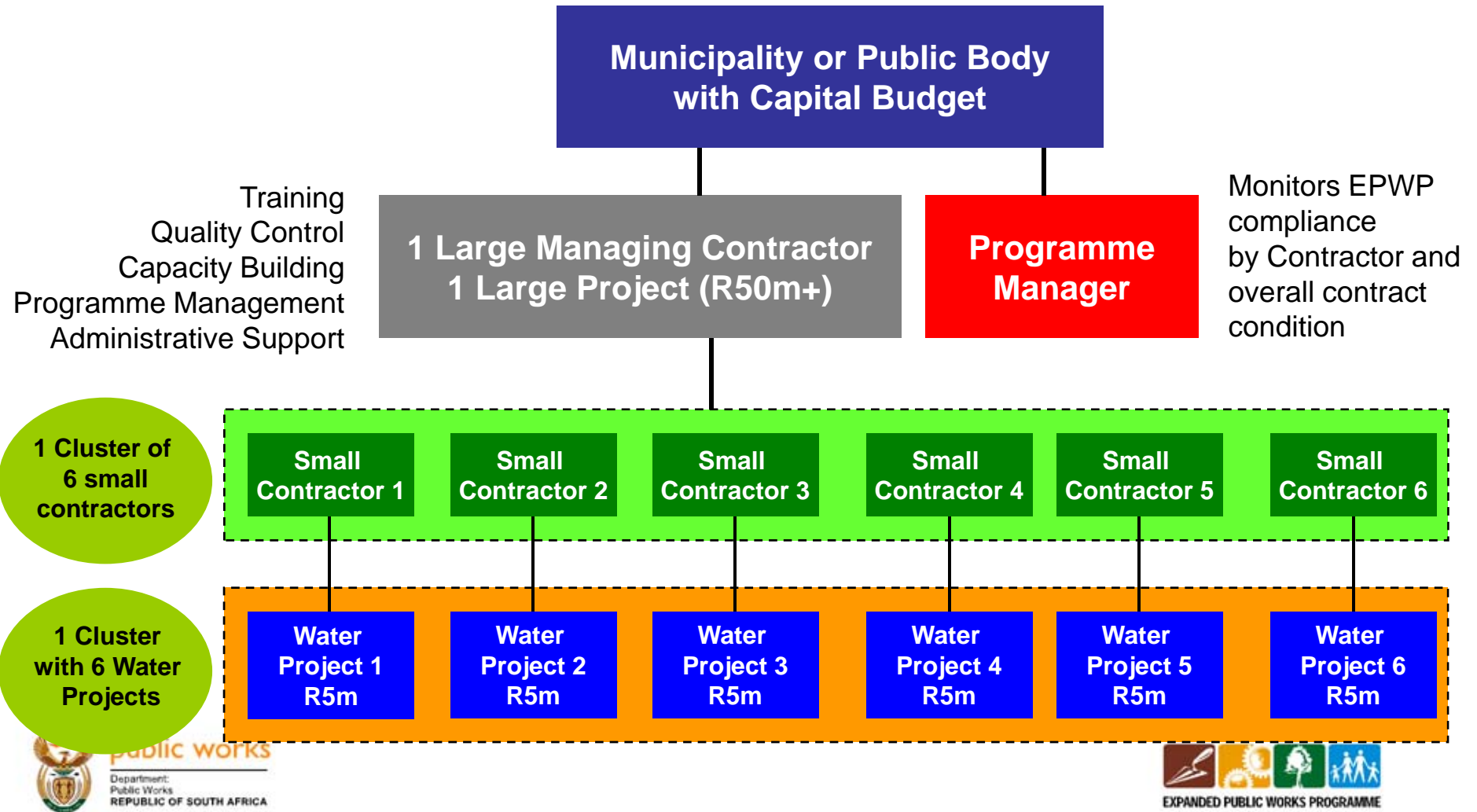
B) Technical Support to projects so as to package to the value of over R30 million

- Support Public Body to develop contract documentation which:
  - Ensures participation of large and small contractors
  - Ensures overall value of projects being implemented is more than R30 million
  - Maximises labour intensity in design and implementation
  - Sets the criteria for the development and growth of small contractors which must be managed by the Large Contractor
- Support any changes that may be required to Supply Chain Management Policy
- Load Project on EPWP Infrastructure MIS
- Conduct Training Needs Assessment
- Advise on contractor and consultant compliance
- Monitor project delivery
- Monitor and ensure that labour intensive methods are used in implementation

Monitor growth of small contractors



# The Framework



# Roles

- **Public Body**
  - Provides funds
  - Defines project outcomes with support from DPW
  - Manages implementation and enforces contract requirements
  - Ensures that designs are appropriate for labour-intensive construction methods
- **Established Major Contractor**
  - Appointed as programme manager by the municipality OR as main contracting party
  - Supervises and programme manages the implementation of the project by smaller contractors
  - Ensures compliance with all project and EPWP requirements, including use of labour intensive construction methods and training and
  - Mentors emerging contractors
  - detailed designs on the project
- **Labour Intensive/ BEE contractors**
  - Implement capital works and
  - Can be awarded longer term maintenance contracts



## Step Four: Reporting

- A) Primary Contractor submits all worker information and training information each month to Public Body
- B) Reporting to Public Body Leadership on Progress made
  - EPWP Unit ensures monthly and quarterly reports to the Public Body on progress made in Large Projects
- B) Reporting by Public Body to EPWP Unit
  - Generate quarterly EPWP Unit report from the MIS
  - Validate report and identify issues for clarification
  - Provide Public Body with accurate and verified EPWP Quarterly Report



Public Body signs and submits the report



# Key Concerns and Risks to be addressed

- **The model adopted must ensure that the smaller contractors are not “bullied” by the large contractors**
  - Programme Manager to monitor closely and to apply sanctions
  - Contracts to be structured so that bullying not in the interest of large contractors
  - The independence of smaller contractors should be strengthened a
- **The following goals should not be compromised**
  - Black economic empowerment
  - SME development
  - Use of labour intensive methods
- **The model must monitor impact**
  - How will the model’s introduction promote smaller contractors on the CIDB levels

# Progress to date

- Briefings being given to dplg on progress.
- Meetings have been held other sector departments (DWAF, DOT, SRSA, DME, Housing) to get feedback and buy-in
- The model is currently being implemented in Ethekewini on a three year, R 800m water reticulation project and Free State, Department of Roads, Transport and Public Works on 3 Roads projects worth 578m.
- The City of Tshwane has indicated willingness to implement.