

BOARD NOTICE 914 OF 2026

Construction Industry Development Board**Standard for Indirect Targeting for
Enterprise Development through
Construction Works Contracts**

31 March 2026

In terms of sections 5(2) of the Construction Industry Development Board Act, 2000 (Act no. 38 of 2000) (the Act), the Construction Industry Development Board is empowered to promote best practice Standards. This best practice Standard for Indirect Targeting for Enterprises Development through Construction Works Contracts establishes a key performance indicator in the form of a contract participation goal (CPG) relating to the engagement of targeted enterprises on a contract for the provision of construction works linked to the enterprise development.

Mr Khulile Nzo

Chairperson: Construction Industry Development Board



Standard for Indirect Targeting for Enterprise
Development through Construction Works
Contracts

(31 March 2026)

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Foreword

The cidb Act (Act 38 of 2000), section 23(1) requires that the Board must establish a Best Practice Project Assessment Scheme based on the best practices identified by the Board in terms of section 5. All construction contracts above a prescribed tender value must comply with best practice standards and guidelines published by the Board.

The aim of this best practice Standard for Indirect Targeting for Enterprise Development is to promote enterprise development by providing for a minimum contract participation goal (CPG) of 30% of the total project value on selected contracts to be undertaken by joint-venture partners or to be sub-contracted to developing contractors that are also to be beneficiaries of enterprise development support from the main contractor.

This cidb Standard for Indirect Targeting for Enterprise Development is aligned to the enterprise development components within the construction sector Codes of Practice for Broad Based Black Economic Empowerment.

1 Scope

This standard establishes a key performance indicator in the form of a contract participation goal (CPG) relating to the engagement of targeted enterprises on a contract for the provision of construction works coupled with enterprise development.

This standard sets out the methods by which the key performance indicator is measured, quantified and verified in the performance of the contract.

2 Terms and Definitions

For the purposes of this document, the following definitions apply:

black people: is a generic term which refers to Africans, Coloureds and Indians

(a) who are citizens of the Republic of South Africa by birth or descent; or

(b) who became citizens of the Republic of South Africa by naturalisation (i) before 27 April 1994; or (ii) on or after 27 April 1994 and who would have been entitled to acquire citizenship by naturalisation prior to that date.

class of construction works: the class of construction works referred to in Schedule 3 of the Construction Industry Development Regulations 2004 as amended and published in terms of the Construction Industry Development Board Act of 2000 (Act 38 of 2000).

Construction Industry Development Board (CIDB): the board established in terms of the Construction Industry Development Board Act of 2000 (Act 38 of 2000).

construction works: the provision of a combination of goods and services arranged for the development, extension, installation, repair, maintenance, renewal, removal, renovation, alteration, dismantling or demolition of a fixed asset including building and engineering infrastructure.

contract amount: financial value of the contract at the time of the award of the contract, exclusive of all allowances and any value added tax or any other tax which the law requires the employer to pay to the contractor.

contract participation goal (CPG): the value of goods, services and works for which the contractor contracts targeted enterprises exclusive of all allowances and any value added tax or sales tax which the law requires the employer to pay to the contractor, expressed as a percentage of the contract amount.

contractor: cidb registered contractor that contracts to provide the goods, services or engineering and construction works covered by the contract.

employer: person or organization entering into the contract with the contractor for the provision of goods, services, or engineering and construction works.

employer's representative: person authorized to represent the employer and named as such in the contract data.

fifty percent black owned: an enterprise in which black people:

- a) hold 51% or higher of the voting rights that are not subject to any limitation; and
- b) hold 51% or higher of the economic interest.

enterprise development co-ordinator: experienced per person in the construction industry at Managerial level as a Site Agent, Contracts Manager, Site Manager, Construction Manager, Business Development Manager or Enterprise Development Manager.

joint venture: grouping of two or more contractors acting as one legal entity, where each is liable for the actions of the other.

main contractor: a cidb registered contractor who contracts with the employer for the provision of engineering or construction works, and who may subcontract part of this contract.

practical completion: the state of completion at the end of construction required in terms of the contract.

NOTE: Practical completion is commonly understood to be a state of readiness for occupation of the whole works although some minor work may be outstanding. Practical completion in a construction works contract occur when:

- a) FIDIC Short Form of Contract: the date when the Employer considers that the works are considered to have reached the stage of being "taken over" when they are complete in accordance with the contract, except for minor outstanding work and defects that do not substantially affect the use of the works.
- b) FIDIC Red, Silver and Yellow Book: the date when the Engineer determines that the Works has substantially been reached and can be used for the purpose intended.
- c) GCC 2025: "Practical Completion" means the date when the Engineer certifies that the whole or portion of the Works has reached a state of readiness, fit for the intended purpose, and occupation without danger or undue inconvenience to the Employer, although some work may be outstanding
- d) JBCC Principal Building Agreement and JBCC Minor Works Agreement: the date when the principal agent decides that the works are completed and can be used for their intended purpose, free from patent defects (obvious flaws) except for minor ones listed for completion by the Principal Agent, who then certifies this milestone.
- e) NEC4 Engineering and Construction Contract: the date when the Project Manager decides that the Contractor has reached Completion as defined in the contract
- f) NEC4 Engineering and Construction Short Contract: the date when the Employer decides that the Contractor has completed the works in accordance with the Works Information except for correcting notified Defects which do not prevent the Employer from using the works and others from doing their work.

targeted enterprise: an enterprise which:

- a) is a contractor registered with the Construction Industry Development Board in grade 1 to 6 acting in the capacity of a sub-contractor or JV partner; and
- b) the main contractor does not have an equity holding exceeding 20% in the enterprise, either directly or through a flow through calculation in accordance with the Construction Sector Code of Good Practice published in General Notice 862 of 2009 in Government Gazette No 32305 of 2009 in terms of the Board Based Black Economic Empowerment Act of 2003 (Act 53 of 2003); and
- c) is 51% or more black owned, or 35% or more black women owned; and
- d) has entered into a written relationship agreement of co-operation and assistance with the main contractor for the duration of the contract.

Thirty five percent black woman owned: an enterprise in which black people who are women:

- a) hold more than 35% of the voting rights that are not subject to any limitation; and
- b) hold more than 35% of the economic interest.

3 Requirements

3.1 Contract Participation Goal (CPG)

3.1.1 The requirements of a contract participation goal applies only to:

- a) a cidb grading designation of grade 7 or higher in the General Building (GB) or Civil Engineering (CE) classes of construction works;
- b) an estimated minimum project duration of 6 months or longer;

3.1.2 The contractor shall engage targeted enterprises in the performance of the contract to the extent that at least 30 percent (30%) contract participation goal is achieved.

3.1.3 Each targeted enterprise shall complete the targeted enterprise declaration affidavit contained in Annex A and attach to the applicable written relationship agreement of co-operation and assistance.

3.2 Enterprise Development Support

3.2.1 The contractor shall perform a needs analysis on all targeted enterprises and provide internal mentorship which improves the targeted enterprise's performance in at least two developmental areas. Such developmental areas should be guided by the requirements of the cidb Best Practice Contractor Recognition Scheme as well as the NCDP framework exit requirements for accreditation of contractors, and may include but are not limited to:

1 cidb (2011). cidb Best Practice Contractor Recognition Scheme; Requirements and Guidelines for Contractor Competence Assessment (Draft). Construction Industry Development Board, <http://www.cidb.org.za>

- a) management and labour skills transfer;
- b) establishment of administrative systems;
- c) establishment of cost control systems;
- d) establishment of construction management systems and plans (health and safety, quality and environmental);
- e) planning, tendering and programming skills transfer;
- f) business skills transfer with emphasis on entrepreneurial and negotiation skills;
- g) technical skills transfer with emphasis on innovation;
- h) legal compliance;
- i) procurement skills transfer;
- j) establish credit rating/history;
- k) establish financial loan capacity/history; and/or
- l) contractual knowledge transfer.

3.2.2 The needs analysis shall be mutually agreed upon between the contractor and the targeted enterprise.

3.2.3 The contractor shall appoint an enterprise development co-ordinator. The enterprise development co-ordinator shall:

- a) develop a project specific enterprise development plan to improve the targeted enterprise's performance in the identified developmental areas which allocate resources and monitors progress in relation to improved performance; and
- b) Development plan outcomes must be aligned to the CIDB Competence Framework.
- c) Submit to the employer's representative a quarterly enterprise development report which documents all mentoring activities that have taken place during that quarter and the progress made in improving the targeted enterprise's performance in the development area, countersigned by the targeted enterprise.

Criteria for an Enterprise Development Co-Ordinator

The enterprise development co-ordinator shall have the following competencies:

Experience in the construction industry at Managerial level as a Site Agent, Contracts Manager, Site Manager, Construction Manager, Business Development Manager or Enterprise Development Manager.

3.3 Reports

3.3.1 Progress reports detailing interim values of the contract participation goal that was achieved together with an assessment of the enterprise development support provided should be tabled and discussed at least on a quarterly basis at progress meetings between employer's representative and the contractor.

3.3.2 The contractor shall submit a report in an acceptable format to the employer's representative for acceptance within 30 days of achieving practical completion.

3.3.3 The information contained in the report shall include not only the value of the contract participation goal that was certified in accordance with this standard but also the CIDB registration numbers of each and every targeted enterprise, and the value of the subcontracted works or the participation parameter of the joint venture entered into.

4 Sanctions

In the event that the contractor fails to substantiate that any failure to achieve the contract participation goal was due to reason beyond the contractor's control which may be acceptable to the employer, the sanctions provided for in the contract shall apply.

Note: The contract establishes the sanctions that apply and are usually in the form of financial penalties, typically formulated on the difference between the contracted contract participation goal and the contract participation goal achieved in the performance of the contract; the rejection of claims for payments as being incomplete should the appropriate supporting documentation not be

provided; and the issuing of completion certificates only after the reports described in 3.3 are received.

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- 1 cidb (2011). cidb Best Practice Contractor Recognition Scheme; Requirements and Guidelines for Construction Management Systems (Draft). Construction Industry Development Board, <http://www.cidb.org.za>
 - 2 cidb (2011). Guidelines for Implementing Contractor Development Programmes. Construction Industry Development Board, <http://www.cidb.org.za>

Section G: Declaration; Enterprise Development Co-ordinator	
Name of Co-ordinator	Title <input type="text"/> Initials <input type="text"/> <input type="text"/> Surname <input type="text"/>
Designation	<input type="text"/>
ID / Passport	<input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/>
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<p>I, the undersigned warrant that:</p> <ul style="list-style-type: none"> I am duly authorised to submit this notice on behalf of the Main/Lead Contractor / JV; and The contents of this notice are within my personal knowledge, and are to the best of my belief both true and correct 	
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Section H: Declaration; Targeted Enterprise Representative	
Name of Representative	Title <input type="text"/> Initials <input type="text"/> <input type="text"/> Surname <input type="text"/>
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<p>I / we agree <input type="checkbox"/> disagree <input type="checkbox"/> with the Enterprise Development Co-ordinator's assessment of compliance with the Enterprise Development support provided</p> <p>I / we appeal the assessment by the Enterprise Development Co-ordinator <input type="text"/><input type="text"/></p>	
<p>I, the undersigned warrant that:</p> <ul style="list-style-type: none"> I am duly authorised to submit this notice on behalf of the Targeted Enterprise The contents of this notice are within my personal knowledge, and are to the best of my belief both true and correct 	
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