

	Supplier Development, Localisation and Industrialisation (SDL&I) Strategy Setting Template	• Template Identifier	240-43921804	Rev	6
		Document Identifier	240-109836076	Rev	3
		Effective Date	September 2023		
		Review Date	September 2028		

SD & L EXECUTION SUPPORT REPRESENTATIVE:	Mosa Makhubo	Tel:	011 800 3809
		Date:	11 June 2024
BUSINESS UNIT:	Gauteng Cluster	Document	1
NAME OF END-USER:	Thembi Mbhiza	Revision no:	
DESCRIPTION:	Contract for the Major Distribution within Distribution, Gauteng Cluster on “an as and when required” basis for a period of 36 months.		
BUDGET VALUE:			
DURATION:	Three (3) years		

Suppliers are obligated to contribute towards the six elements of SD&L, namely: B-BBEE, Localisation, Industrialisation, Skills Development, Job Creation and Supplier Development for the duration of the contract.

1. B-BBEE

Eskom prefers to do business with companies that are more than 50% Black Owned; this includes Black Woman Owned (BWO), Black Youth Owned (BYO), and Black People Living with Disability (BPLWD).

In this contract the preference will be given to suppliers that are Black Owned and has a B-BBEE Level of 1 to 3 as per Eskom’s preference.

The existing Panellists members shall maintain or improve upon their current B-BBEE level to level 1-3 during the life contract. The Panellists members that are less than 51% BO will also improve on the Black Ownership of the companies/institutions as per Eskom preference (if applicable), for future business relationship with Eskom. The Panellists members will be required to submit a new certificate should ownership of the company change during the life of the contract.

Local suppliers shall be allocated points in accordance with the B-BBEE Evaluation Scorecard (figure 1) shown below:

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Note: the following element (A, 2, 3,4,5,6 & 7) will form part of the Eskom's objectives and they will be negotiated with the successful supplier(s)

A. Specific goals

Specific Objective of Tender (Application of other criteria in terms of section 2(1)(d-f) of PPPFA)

The objective criteria for this tender are the following:

- Transforming this industry by appointing small emerging black businesses with 51% black ownership (further preference will be given to BYO/BPLwD),
- Job creation for previously disadvantaged people.

To achieve the above the following aspects will apply

- Appoint companies with 51% black ownership, or
- In the event where the contract is awarded to a **Generic firm**, 20% shall be sub-contracted/incubate to emerging BYO/BPLwD... (100% shareholding) with the purpose of supplier development (where necessary) or
- Joint venture where the lead firm is 51% black owned.

NB. The joint venture may be:

- i) Black Owned Company and Black Owned Company or
- ii) Black Owned Company (Majority shareholder) and non- Black Owned Company or
- iii) Black Women Owned Company and Black Owned Company or
- iv) Black Women Owned Company(Majority shareholder) and non- Black Owned Company

The Procurement spend on entities with a minimum 51% black ownership

The winning tenderer is encouraged to procure/spend on designated groups on the following paid invoices for both:

- the indirect expenses (e.g. overheads) on goods and services supplied to the contractor/supplier by designated groups; and

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- direct spend on goods and services supplied by the subcontractors for the execution of the scope of work.

Activities, as a proportion of the local procurement content, which may be subcontracted to designated black owned enterprises must be submitted in a table below.

Procurement Designated Group	from	Eskom Target	Tenderer Proposal
Black Owned		4.0%	
Black Women Owned		3.0%	
Black Youth Owned		2.0%	
Black Persons with Disability		1.0%	

Figure 1: B-BBEE Evaluation Scorecard (90/10 application)

B-BBEE	Qualification	Number of Points (80/20 system)	Number of Points (90/10 system)
1	≥ 100 points	20	10
2	≥ 85 points < 100 points	18	9
3	≥ 75 points < 85 points	16	8
4	≥ 65 points < 75 points	12	5
5	≥ 55 points < 65 points	8	4
6	≥ 45 points < 55 points	6	3
7	≥ 40 points < 45 points	4	2
8	≥ 30 points < 40 points	2	1
Non-compliant	< 30 points	0	0

Note :

Eskom prefers to contract with but is not limited to compliant BBEEE level 1-3 contractors. Any tenderer who does not comply with this criterion should provide a migration plan that will form part of the contractual obligation. The terms and conditions will be negotiated and agreed prior to contract award. The migration plan will be accepted based on partial fulfilment or as a whole depending on the time period allocated for the transaction/s.

Where there is a partial acceptance of a migration plan, should the same tenderer be awarded further contracts with Eskom the agreed migration plan must be shared with Eskom officials responsible for the tender for continued compliance monitoring.

Eskom will not contract with any supplier without a valid BBEE certificate.

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2. Localisation

Eskom requires suppliers to purchase all their materials, products or any other services required within the borders of South Africa. The Local Content to South Africa will be 30% because Eskom do not expect any skills to be imported for these services and the industry is matured enough to possess all the skills required.

2.1 Eskom proposed Local Designated material threshold

Commodity	Local Content Threshold
Fabricated Steel	100%

Cables class 0	90%
Joining/ Connecting components	100%
Concrete works	100%
Fabricated steel	100%
Nails/ Bolts	100%
Cement	100%
Concrete / Wood / steel poles	100%
Cables Class1	100%
Clamps/ joints	100%
Lone hardware (Listed Appendix A)	100%
PPE Textile/ Leather/ Clothing	100%
Meters Prepaid / Post	70%
Smart meter	50%
Plastic pipes / Fitting	100%
Transformer Shunts and reactors	90%

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Vermin Proofing (wire Fence)	100%
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Declaration Certificates for Local Production and Content for designated sectors (SBD 6.2) and National Treasury Instruction on: Invitation and evaluation of bids based on a stipulated minimum threshold for local production and content hereto as evidence of compliance with this requirement.

The implication of the local production and content drive, should your transaction include products of a specific designation as proposed by Eskom, the following needs to be done:

3. Industrialisation

There is no requirement for industrialisation as all resources are sourced from within South Africa.

4. Subcontracting

Mandatory subcontracting on contracts above R30 million as a condition for contract award

If feasible to subcontract for a contract above R30 million, Eskom:

- a) must apply subcontracting to previously designated groups.
 - b) must advertise the tender with a specific condition for contract award that the successful tenderer must subcontract a minimum of 30% of the value of the contract to:
 - c) an EME or QSE, which is at least 51% owned by black people;
 - d) an EME or QSE, which is at least 51% owned by black people who are youth;
 - e) an EME or QSE, which is at least 51% owned by black people who are women;
 - f) an EME or QSE, which is at least 51% owned by black people with disabilities;
 - g) an EME or QSE, which is 51% owned by black people living in rural or underdeveloped areas or townships;
 - h) a cooperative, which is at least 51% owned by black people;
 - i) an EME or QSE, which is at least 51% owned by black people who are military veterans;
- or

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j) more than one of the categories referred to in paragraphs (a) to (i).

Tender Returnable if the above element is a requirement;

- Proof of a sub-contract agreement/s must be submitted.
- CSD report of subcontractors
- Sub-contractor/s B-BBEE certificate / sworn affidavit must be submitted.

Subcontracting, in this instance, will be treated as a condition for contract award. A supplier awarded a contract may not subcontract more than 25% of the value of the contract to any other entity that does not have an equal or higher B-BBEE status level of a contributor than the supplier concerned unless the contract is subcontracted to an EME that has the capability and ability to execute the subcontract.

SDL&I Objectives in line with Reconstruction and Development Programme (RDP) Goals

5. Skills Development

Successful supplier will be obligated submit a proposal to train **1** candidate for every **1.5 Million Rand** cumulated through task order awarded to the supplier; this obligation will be for the duration of the contract. The duration of the task order will not be linked with the supplier's obligation to train; therefore the supplier will have to ensure that the skills committed are successfully achieved by the end of the contract period. Skills candidates shall be sourced from previously disadvantage groups in South Africa. The purpose is to provide these candidates with skills and workplace experience in order to increase the opportunity for them to be employable within the industry. The supplier may develop the candidates directly, through their supply network or through the SETA accredited training providers. This requirement is supported by the list of occupations in high demand 2018 as stipulated in the Government Gazette 41728.

Skills development candidates should be currently unemployed graduates from FET Colleges and universities and/or matriculants. The composition of the candidates shall be representative of the population demographics of South Africa. The supplier will be provided will the list of skills as per respective discipline to choose from, this will mean this supplier will train candidate with skill type that is relevant to their area of expertise.

5.1 Skills development

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List of proposed skills (only critical, scarce and core) that are scope specific.

Skills type	Proposed no.	Intake	Outcome
Artisan	1	Post / undergraduate	Certificate of completion
Engineers	2	Post / undergraduate	Certificate of completion
Project managers	2		
Safety officers	1	Post / undergraduate	Certificate of completion

1. Completion certificate to be issued at the end of the project
2. Compile a training program.
3. Submit a signed contract with the selected candidates.

6. Subcontracting: to EME-QSE Level 1-2 (only local to site opportunity)

- Bush Clearing
- Mobile toilets
- Transport
- Plant hire
- Or any other related opportunities and any other contract specific related.

7. Job Opportunities

The existing Panellists members shall propose the number of jobs to be created as a direct result of this contract. Suppliers must also propose the number of jobs to be retained as a direct result of this contract. The proposals shall be recorded on the implementation schedule at contract award.

Tenderer to indicate number of Jobs to be created and/or retained from this contract;

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Tenderer to indicate number of Jobs to be created and/or retained from this contract;

Figure 2

Number of Jobs to be created	Number of Jobs to be retained

Suppliers shall propose the number of jobs to be created as a direct result of being awarded this contract. Suppliers must also propose the number of jobs to be retained as a direct result of this contract. These proposals shall be made in the SD&L Compliance Matrices (Figure 2).

The following Local recruitment requirements targets will apply:

Type of jobs	Target set (local-to-site)	Suppliers Proposal
General workers	100%	
Semi-skilled	30%	
Skilled	50%	

Eskom prefers to contract with but is not limited to compliant BBEEE level 1-3 contractors. Any tenderer who does not comply with this criterion should provide a migration plan that will form part of the contractual obligation. The terms and conditions will be negotiated and agreed prior to contract award. The migration plan will be accepted based on partial fulfillment or as a whole depending on the time period allocated for the transaction/s.

Where there is a partial acceptance of a migration plan, should the same tenderer be awarded further contracts with Eskom the agreed migration plan must be shared with Eskom officials responsible for the tender for continued compliance monitoring.

8. Supplier Development

The contractor should be able to close potential gaps identified on subcontracting by initiating supplier development programs. This could be achieved by creating incubator or any other related training programs.

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• **SDL&I Retention**

SDL&I has a mandate to achieve maximum and sustainable local development impact through leveraging Eskom's procurement spend in a manner that allows flexibility within the business to contribute towards addressing the socio-economic ills like unemployment, poverty, and economic growth, through government local development initiatives and policies.

Suppliers will be required to report progress towards achieving SDL&I's contractual obligations, on a quarterly basis. The SDL&I retention is to encourage and ensure that the Suppliers implement the agreed targets.

Failure to comply with the contracted SDL&I obligations will enforce the application of the 2% penalty at the end of the contract.

• **Monitoring and Reporting of SDL&I Commitments**

- a. Panel suppliers that have been awarded task orders with SDL&I commitments shall submit reports on their SDL&I performance in accordance with the SDL&I function Data Collection Template.
- b. Eskom shall review the quarterly reports submitted by the suppliers within fifteen (15) days of receipt of the reports and notify the suppliers in writing if their SDL&I obligations have not been met.
- c. Upon notification by Eskom that the suppliers have not met their SDL&I obligations, suppliers shall be required to implement corrective measures to meet those SDL&I obligations.

9. Concluding

The commitment of any of SD&L elements will form part of the NEC contract and shall be monitored throughout the duration of the contract to ensure all the obligations and undertakings are fulfilled.

Compiled by: Mosa Makhubo

Signature: 

Date: 11 June 2024

**Accepted by
contractor:**

Signature:

Date:

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