

SOUTH AFRICAN NATIONAL ROADS AGENCY

Contract No: SAPR NO304102/1

[3008 v1]

**CONCESSION CONTRACT
FOR THE DESIGN, CONSTRUCTION, FINANCING,
OPERATION AND MAINTENANCE OF A
PORTION OF NATIONAL ROUTE 3 FROM
CEDARA IN KWAZULU-NATAL TO HEIDELBERG
SOUTH INTERCHANGE IN GAUTENG AS A TOLL
HIGHWAY TOGETHER WITH DEVELOPMENTS
AND ASSOCIATED FACILITIES**

CONCESSION CONTRACT

ANNEXURE 20

**EMPLOYMENT - LETTING OF CONTRACTS
- TRAINING REQUIREMENTS**

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1. INTRODUCTION - SOCIAL RESPONSIBILITY

1.1 Acknowledgement

The Concessionaire acknowledges the importance of creating economic empowerment opportunities over the Concession Period.

1.2 Obligations

In recognition of this, the Concessionaire shall, in accordance with the provisions of this Annexure, procure the:

- 1.2.1 involvement of PDEs as defined in Clause 2.1 hereof, in the design, construction, Operation and Maintenance of the Highway;
- 1.2.2 implementation of a structured Community Participation and Liaison Programme;
- 1.2.3 provision of Skills Training and Entrepreneurial Development;
- 1.2.4 adoption of a Human Resource Development Strategy;
- 1.2.5 adoption of an Affirmative Action and Equal Opportunity Strategy;
- 1.2.6 implementation of a programme aimed at socio-economic upliftment and development.

The obligations in terms of Clauses 1.2.1, 1.2.2 and 1.2.3 shall be undertaken respectively as set out in this Annexure either by the Concessionaire or on its behalf by the Contractors and/or O&M Contractors to whom it awards contracts for the execution of the Construction Works and/or Operation and Maintenance. The obligations in terms of Clauses 1.2.4 and 1.2.5 shall be undertaken by the Concessionaire. The obligations in terms of Clause 1.2.6 shall be undertaken on behalf of the Concessionaire by the Zimele Investment Enterprise Company.

1.3 Government Policy

When making decisions affecting the performance of its obligations in respect of the Project, the Concessionaire shall take into account Government policy on:-

- 1.3.1 National transport;
- 1.3.2 Democratisation of society;

- 1.3.3 Empowerment and equal opportunity;
- 1.3.4 Reconstruction and development;
- 1.3.5 Trade and industry; and
- 1.3.6 Growth Employment and Redistribution (Gear).

1.4 **Non-material Breach**

For the avoidance of doubt, the failure to perform the obligations to develop and implement programmes and strategies specified in paragraphs 1.2.2 to 1.2.6 and to consider Government policy as specified in Clause 1.3 shall not constitute a material breach of the Concession Contract. Penalties may however be applied as provided for hereinafter.

1.5 **Total Budget**

In addition to its obligations under Clauses 2, 5 and 6, the Concessionaire shall over the Concession Period provide or impose through contract conditions a total amount of R 22 million (in December 1997 prices) (the "Total Budget") in respect of all its obligations under this Annexure.

The money shall be allocated as follows, unless the Independent Engineer agrees in writing to a variation:

Clause 3	Community participation and liaison programme	R4 million
Clause 4	Skills training and entrepreneurial development related to highway construction, operation and maintenance	R10 million
Clause 7	Programme to promote broader economic and social development and creation of employment opportunities	R8 million
TOTAL		R22 million

1.6 **Expenditure Plan**

The Concessionaire shall, within six months of the Effective Date, submit to the Independent Engineer for information a broad framework plan of how it envisages the Total Budget be spent over the Concession Period. The plan is also to state what endeavours will be made to supplement this amount from

additional external sources. This broad framework plan shall be supplemented by detailed annual plans as provided for hereinafter.

1.7 Definitions

Words defined in the Concession Contract shall have the same meaning when used in this Annexure 20 unless the context requires otherwise.

2. INVOLVEMENT OF PREVIOUSLY DISADVANTAGED ENTERPRISES, INDIVIDUALS AND SMMEs IN DESIGN, CONSTRUCTION, OPERATION AND MAINTENANCE OF THE HIGHWAY

2.1 Definition

The term **PDE** means any organisation where the majority ownership is held by citizens of the Republic of South Africa, and individuals who are citizens of the Republic of South Africa, who according to racial classification did not have the right to vote or had restricted voting rights immediately prior to the 1994 elections, and shall also include small, medium and micro enterprises (SMMEs).

2.2 PDE Involvement

2.2.1 The Concessionaire shall ensure that the Contractors shall:

a) Design

procure that not less than 30% of the shareholding in the N3 Consultants Consortium ("N3CC") is held by PDEs who shall participate in all facets of the execution of preliminary and final design work and supervision to the extent provided in the N3CC JV Shareholders Agreement.

b) Construction Works other than De Beers Pass Works:

- (i)** procure that PDEs carry out works in respect of the Initial Construction Works having a value not less than 15% of the Contract Price specified in the Initial Construction Works Contract;
- (ii)** procure that for the period following the Initial Construction Period up to the expiry or termination of the Upgrade, Repair and Replacement Contract not less than 15% of the Contract Price specified in the Upgrade, Repair and Replacement Contract for Repair and

Replacement Works will be carried out by or subcontracted to PDEs; and

- (iii) procure that not less than 15% of the value of all Repair and Replacement Works in the period subsequent to the expiry or termination of the Upgrade, Repair and Replacement Contract up to the expiry or termination of the Concession Contract are carried out by or subcontracted to PDEs;

c) **De Beers Pass Works:**

procure that PDEs carry out works in respect of the De Beers Pass Works having a value of not less than 15% of the Contract Price specified in the De Beers Pass Works Contract.

2.2.2 The Concessionaire shall:

a) **Routine Maintenance:**

Award contracts to PDEs from communities living in the vicinity of the Highway for the provision of Routine Maintenance, such contracts having a term of between 1 and 5 years. Nothing in this clause shall prevent the Concessionaire continuing or renewing, for a period of up to 3 years, contracts for Routine Maintenance taken over by the Concessionaire as at the Effective Date.

b) **Operations:**

Procure that Tolcon (Pty) Ltd (currently owned by a black empowerment group) will carry out the toll road operations for a period of five years from the Effective Date, subject to possible termination as provided in the Concession Contract and the Operations Contract.

c) **Assistance to PDEs:**

Procure that the support that is to be offered to PDEs is, where required, to include assistance with programming, cashflow management, early payment and the procurement of financial support. The requirement of furnishing performance guarantees is to be assessed in the light of the circumstances of each individual PDE and may be waived in exceptional circumstances.

d) **Identification and Prequalification:**

Procure that NABCAT and other similar organisations shall assist in the process of identifying and prequalifying PDEs for possible participation in the Project.

e) Nature of PDE Involvement:

Procure that contracts awarded to PDEs shall provide for their involvement in various classifications of work which may include but not be limited to the following types of work:

- (i) design;
- (ii) survey;
- (iii) bush clearing;
- (iv) culverts;
- (v) supply of materials;
- (vi) steel fixing;
- (vii) concreting;
- (viii) plant hire;
- (ix) trucking;
- (x) road surfacing;
- (xi) grassing;
- (xii) fencing;
- (xiii) road marking;
- (xiv) sewage and water reticulation;
- (xv) storm water piping and channels; and
- (xvi) guard-rails.

2.3 Annual PDE Involvement Programme

An annual PDE Involvement Programme shall be developed each year for the ensuing year. The first such annual programme shall be submitted to the Independent Engineer for information within three months of the Effective Date, and subsequent annual programmes shall be submitted within three months of the relevant anniversary of the Effective Date.

The annual PDE Involvement Programme shall incorporate the budget for the total value of work to be performed, as well as details of the nature and value of contracts anticipated to be given to PDEs in accordance with this clause.

2.4 Reporting and Disclosure

An updated report shall on a quarterly basis be submitted to the Independent Engineer giving full details concerning the nature and extent of all PDE involvement in the Project, as well as progress towards meeting the targets set out in the annual PDE Involvement Programme.

The report shall be subject to audit by the Independent Engineer, and shall, together with the annual PDE Involvement Programme, form the basis of assessment as to compliance or otherwise with the provisions of this clause.

Should more than 20% of the amount provided in the annual PDE Involvement Programme not be expended, that amount, together with a penalty of 10% of the amount not expended, shall be spent in the ensuing year in addition to that year's budgeted amount. Any amount carried forward, with penalties on that amount, for more than two years and not spent at the end of a three year rolling period, shall be paid to the Agency.

2.5 Discretion

For the avoidance of doubt, the types, and mix, of work which PDEs will be contracted to perform is a matter of discretion of the Concessionaire and the Contractors, provided that the total value of work awarded to PDEs is not less than that expressly specified in this Clause 2.

3. COMMUNITY PARTICIPATION AND LIAISON PROGRAMME

3.1 Obligation

A community participation and liaison programme shall be developed in accordance with this Clause 3 (the "Participation Programme").

3.2 Aims of the Participation Programme

The Participation Programme shall have as its broad aims:-

- 3.2.1 the development of a procedure for effective consultation with communities, Relevant Authorities and other stakeholders in the Project;
- 3.2.2 the creation of public understanding and building community support for the Project;
- 3.2.3 the provision of a mechanism for the participation of communities in the Project;
- 3.2.4 the provision wherever possible of effective training, capacity building and empowerment;
- 3.2.5 the identification of suitable candidates for training and involvement in the Construction Works as well as Operation and Maintenance; and

3.2.6 the goal of seeking to maximise the number of employment opportunities offered by the Project.

3.3 Consultation Process

The consultation process to be developed pursuant to Clause 3.2.1 shall focus on:-

3.3.1 the transfer of knowledge concerning the Project to communities, Relevant Authorities and other stakeholders;

3.3.2 implementation of the Participation Programme;

3.3.3 training and empowerment to be offered by the Contractors and/or O&M Contractors;

3.3.4 links between the Participation Programme and other community programmes;

3.3.5 problem resolution in the context of this Participation Programme; and

3.3.6 general liaison.

3.4 Response

Appropriate response shall be given or procured by the Concessionaire to all issues raised as a consequence of the Participation Programme including measures to mitigate negative effects of the Project on communities, the provision of training and empowerment, especially for businesses and entrepreneurs, and facilitation of government intervention where appropriate.

3.5 Five Stage Programme

The implementation of the Participation Programme will be undertaken in five stages. The five stage programme shall have the aims as set out in Clause 3.2 and the objectives as stated below:-

3.5.1 Stage 1

Stage 1 shall be conducted by or on behalf of the Concessionaire. It shall commence prior to Financial Closing and shall involve:

- a) situational analysis, involving identification of areas of impact of the Project;

- b) categorisation of directly and indirectly impacted communities;
- c) detailed stakeholder identification; and
- d) implementing a system for distributing information to relevant impacted communities.

3.5.2 Stage 2

Stage 2 shall be conducted by or on behalf of the Concessionaire. It shall commence when, in the opinion of the Concessionaire, sufficient progress has been made with Stage 1 to enable Stage 2 to proceed but not later than three months after the Effective Date, and shall involve:

- a) holding workshop sessions and interviews with the relevant communities to obtain support for the Participation Programme;
- b) reaching agreement on processes relating to:
 - (i) the establishment of working committees;
 - (ii) mechanisms for conflict/deadlock resolution;
 - (iii) identification of key issues for discussion; and
 - (iv) decision making procedures.

3.5.3 Stage 3

The Concessionaire shall ensure that Stage 3 shall be conducted by or on behalf of the Contractors and/or O&M Contractors. It shall begin within six months of the Effective Date and shall involve:

- a) collecting and collating community input into training and empowerment programmes other than training programmes directly related to construction;
- b) the identification of existing project related skills within the relevant impacted communities;
- c) identifying areas for improvement of training on a project level basis;

- d) identifying candidates for human resource development; and
- e) detailing how local entrepreneurs could become involved in the Project.

3.5.4 Stage 4

The Concessionaire shall ensure that Stage 4 shall, in the event of it being required, be conducted by or on behalf of the Contractors and/or O&M Contractors and shall involve:

Assistance with the relocation of such persons as may be directly and permanently affected by the construction of the Highway on a new alignment (provided such assistance does not involve any compensation or cost to the Concessionaire other than the cost of physically transporting affected persons to their new location).

3.5.5 Stage 5

Stage 5 shall be conducted by or on behalf of the Concessionaire and shall involve:

Ongoing consultation with broad based community groups and Relevant Authorities in relation to the Project.

3.6 Annexure 2

It is acknowledged that the Participation Programme developed pursuant to this Clause 3 shall incorporate, and shall not be additional to, the public involvement programme developed by the Concessionaire under Annexure 2 of the Concession Contract.

3.7 Annual Participation Programme

An annual Participation Programme shall be developed each year for the ensuing year. The first such annual programme shall be submitted to the Independent Engineer for review within two months of the Effective Date and subsequent annual programmes shall be submitted within two months of the relevant anniversary of the Effective Date.

The annual Participation Programme shall incorporate the annual budget, details of expenditure plans, response to issues and objectives of the programme to be pursued.

3.8 Measurement of Performance

An updated report shall on a quarterly basis be submitted to the Independent Engineer giving full details concerning the activities undertaken in terms of the annual Participation Programme.

The report shall be subject to audit by the Independent Engineer, and shall, together with the annual Participation Programme, form the basis of assessment as to compliance or otherwise with the provisions of this clause.

Should more than 20% of the amount provided in the annual Participation Programme not be expended, that amount, together with a penalty of 10% of the amount not expended, shall be spent in the ensuing year in addition to that year's budgeted amount. Any amount carried forward, with penalties on that amount, for more than two years and not spent at the end of a three year rolling period, shall be paid to the Agency.

3.9 Budget

A total amount of R4 million (in December 1997 prices) shall be provided for the fulfilment of obligations in terms of this Clause 3. This amount is incorporated in and not in addition to the R4 million specified in Clause 1.5.

4. SKILLS, TRAINING AND ENTREPRENEURIAL DEVELOPMENT RELATED TO HIGHWAY CONSTRUCTION, OPERATION AND MAINTENANCE

4.1 Objectives

4.1.1 The Concessionaire shall ensure that the Contractors and/or O&M Contractors shall, following the completion of a needs analysis and identifying the existing skills level of communities in the vicinity of the Highway, provide training and development in accordance with this Clause 4 including the Training Programme referred to in Clause 4.6 (the "Training Programme").

4.1.2 The objectives of the Training Programme shall be to:

- a) train various persons in appropriate skills (of the nature referred to in Clause 4.3) to meet identified training needs, with specific regard to long term meaningful training;
- b) ensure, as far as possible, that training leads to sustainable job retention or improved entrepreneurial capacity in those who have been selected for such training and development; and

- c) provide mentoring to supplement training.

4.2 Facilities and staff

- 4.2.1 To perform their obligations under this Clause, the Concessionaire shall ensure that the Contractors and/or O&M Contractors shall as far as possible utilise an existing training centre, school or other suitable facility. Any such facility must be appropriate and cost effective in terms of size, staff and locality for the achievement of the objectives for which it is intended to be used.
- 4.2.2 Should the condition of any such facility be such as to urgently require repair or upgrade in the interests of the community, the Concessionaire shall ensure that the feasibility of carrying out such repair or upgrade as part of the Training Programme shall be investigated by the Contractors and/or O&M Contractors.
- 4.2.3 Should no such existing facility be available to meet the criteria specified under Clause 4.2.1, the Concessionaire shall procure that the Contractors and/or O&M Contractors shall establish a suitable training centre.
- 4.2.4 The cost of the establishment of such a centre, or the cost of any repair or upgrade as contemplated in Clause 4.2.2, shall be incorporated in, and not be in addition to, the budget specified in Clause 4.8 to be provided for training purposes. It shall, upon completion of the training objectives for which it was established, be incorporated into a Local Industrial Park as envisaged in Clause 7.3 or be otherwise dealt with to the advantage of the local community.

4.3 Nature of training

- 4.3.1 Training to be provided shall include, but not be limited to:
 - a) induction training;
 - b) life skills training, including health care;
 - c) literacy and numeracy training;
 - d) quality and productivity training;
 - e) supervisor training;
 - f) management and entrepreneurial development;

- g) technical skills training; and
- h) community capacity building such as participation skills.

4.3.2 To the extent that funds permit as provided in the annual Training Programme, communities in the vicinity of the Highway will be invited to attend courses in:

- a) literacy and numeracy up to Independent Examinations Board Level 2; and
- b) capacity building, including organisational development, meeting procedures and administration, conflict resolution, principles of engagement and interaction, leadership and assertiveness.

4.4 Accreditation/National Qualifications Framework

Wherever possible, the training shall be:

- 4.4.1 modular and accredited by the appropriate Industry Training Board; and
- 4.4.2 conform with Government national qualifications framework policy.

4.5 Development of Entrepreneurs

The Concessionaire shall ensure that the Contractors shall:

- 4.5.1 develop and improve the skills of a minimum of twenty SMMEs during the Initial Construction Period covering construction, supply, transport and other associated industries.
- 4.5.2 present a recognised, accredited training course as defined in Clause 4.4, including modules relating to construction management, business management, administration, financial management and human resource management appropriate for presentation to PDEs; and
- 4.5.3 include in the training course mentoring to supplement other training and in particular that the Contractors ensure that PDEs are assisted with respect to issues of estimating and tendering, planning, programming, and financial management. Mentoring shall be provided to PDEs by experienced members of the Contractors.

4.6 Annual Training Programme

The Concessionaire shall ensure that the Contractors develop an annual Training Programme each year for the ensuing year. The first such annual programme shall be submitted to the Independent Engineer for information within four months of the Effective Date and subsequent annual programmes shall be submitted within 4 months of the relevant anniversary of the Effective Date.

The annual Training Programme shall include the nature, duration and accreditation of training that will be provided, details as to the training providers, the target number of trainees, the annual budget, and the specific objectives which will be pursued in accordance with Clause 4.1.

4.7 Measurement of Performance

An updated report shall be submitted on a quarterly basis to the Independent Engineer giving full details concerning the activities undertaken in terms of the annual Training Programme.

The report shall be subject to audit by the Independent Engineer, and shall form the basis of assessment as to compliance or otherwise with the provisions of this clause.

Should more than 20% of the amount provided in the annual Training Programme not be fully expended, that amount, together with a penalty of 10% of the amount not expended, shall be spent in the ensuing year in addition to that year's budgeted amount. Any amount carried forward, with penalties on that amount, for more than two years and not spent at the end of a three year rolling period, shall be paid to the Agency.

4.8 Budget

A total amount of R10 million (in December 1997 prices) shall be provided for the fulfilment of obligations in terms of this Clause 4. This amount shall include the cost of establishing, providing and operating the facilities and is incorporated in and is not in addition to the amount of R10 million specified in Clause 1.5.

5. HUMAN RESOURCE DEVELOPMENT STRATEGY

The Concessionaire shall develop and deliver to the Independent Engineer for information within four months of the Effective Date, a Human Resource Development Strategy.

The Concessionaire shall ensure that any contract entered into in terms of the Project includes a clause requiring the person or organisation with whom the contract is entered into to substantially comply with the Human Resource and Development Strategy so presented to the Independent Engineer.

6. AFFIRMATIVE ACTION AND EQUAL OPPORTUNITY STRATEGY

The Concessionaire shall develop and deliver to the Independent Engineer for information within four months of the Effective Date an Affirmative Action and Equal Opportunity Strategy.

The Concessionaire shall ensure that any contract entered into in terms of the Project includes a clause requiring the person or organisation with whom the contract is entered into to substantially comply with the Affirmative Action and Equal Opportunity Strategy so presented to the Independent Engineer.

7. PROGRAMME TO PROMOTE BROADER ECONOMIC AND SOCIAL DEVELOPMENT AND CREATION OF EMPLOYMENT OPPORTUNITIES

7.1 Legal and Funding Structure

- 7.1.1 The Concessionaire shall within six months of the Effective Date procure the formation of a company to be called Zimele Investment Enterprise Company ("Zimele"). Zimele shall, on behalf of the Concessionaire, undertake a programme to promote and support broader economic empowerment, social development and the creation of employment opportunities (the "Development Programme").
- 7.1.2 Zimele shall have as its main purpose the implementation of the Development Programme, with particular regard to the development of PDEs.
- 7.1.3 Zimele shall operate on commercial private sector principles.
- 7.1.4 The Concessionaire shall over the Concession Period provide Zimele with total funding in an amount of R8 million (in December 1997 prices) incorporated in and not in addition to the amount of R22 million referred to in Clause 1.5.
- 7.1.5 Zimele shall commit itself to effectively utilise these funds in the implementation of the Development Programme. It shall also use all reasonable endeavours to raise additional funds from organisations both inside and outside South Africa.
- 7.1.6 The Board of Directors and/or management of Zimele shall as far as possible reflect widespread experience in the following:

- a) identification, promotion, development and management of PDEs;
- b) financing mechanisms targeted towards PDE development; and
- c) development and business management of industrial as well as commercial property.

7.1.7 Training constitutes a key component of the Development Programme and shall focus on entrepreneurial development, technical skills training, adult basic education and training (ABET), and community empowerment with special attention to the needs of women and the handicapped.

7.1.8 Zimele shall within the constraints of this Annexure provide technical assistance, training and business management support to PDEs. It may sell such assistance to large formal sector enterprises.

7.2 Development Strategy

In order to promote broader economic and social development and the creation of employment opportunities, the Concessionaire shall through Zimele:

7.2.1 co-operate with Relevant Authorities and their developmental objectives in the facilitation of a strategy that reflects the Highway as:

- a) a catalyst to export growth through increased competitiveness in foreign markets;
- b) a potential source of increased foreign investment;
- c) an opportunity for economic empowerment and job creation; and
- d) an opportunity for the establishment and support of PDEs.

7.2.2 facilitate associated commercial development in the vicinity of the Highway through an integrated process which:

- a) determines the status quo with regard to development;
- b) creates an inventory of current facilities, concessions and vacant land;
- c) identifies needs and opportunities;

- d) addresses broader economic development and empowerment issues;
- e) sets out procedures for dealing with current and new concessions; and
- f) implements opportunities identified in the development process.

7.2.3 as far as reasonably possible ensure that the focal points for socio-economic development undertaken as part of the overall development strategy are:

- a) training and development of PDEs to take up business opportunities between Johannesburg and Durban;
- b) the identification of niche international markets and the nurturing of small business to fill them; and
- c) the facilitation of access to finance by PDEs.

7.3 Creation of LIPs

7.3.1 The Development Programme will be implemented through the establishment of at least one pilot Local Industrial Park (LIP) on an established node where support economies exist. The LIP is to have an overall theme with a high visible impact.

7.3.2 The purpose of the LIP will be to add economic benefit to the local community, especially if the community is or may be negatively impacted upon by the Project. The LIP shall be based on the concept of "clustering" as initiated by the Department of Trade and Industry and may include one or a combination of the following:

- a) garages;
- b) suppliers;
- c) food and retail;
- d) hotels;
- e) tourism;
- f) manufacturing;

- g) agriculture;
- h) training facilities;
- i) tender support;
- j) financial support; and
- k) overnight truck stops.

7.4 Foreign Participation

7.4.1 Foreign Trade and Industry missions, including Britain and Scotland, have been approached to participate directly in the Development Programme by facilitating trade and other assistance. Zimele shall continue to endeavour to facilitate such participation and the procurement of external funding upon which such participation will depend.

7.4.2 In order to facilitate export growth, Zimele will as far as can reasonably be expected, pursue the objective of including Industrial Processing Zones (IPZs) and Export Processing Zones (EPZs) in LIPs.

7.5 Transformation of Economic Sectors

The process of transformation will be promoted through:

- 7.5.1 empowerment;
- 7.5.2 PDE development;
- 7.5.3 employment creation;
- 7.5.4 intervention in primary economic activity to create secondary economic activity;
- 7.5.5 training support; and
- 7.5.6 increased foreign investment;

7.6 Tourism

The Concessionaire shall, when developing the Development Programme:

- 7.6.1 adopt the national vision for tourism in South Africa, namely to "develop the tourism sector as a national priority in a sustainable and acceptable manner, so that it will contribute significantly to the improvement of the quality of life of every South African.";
- 7.6.2 take into account the multi-faceted tourism industry that stimulates the development of infrastructure such as roads, railways, air travel and public transport as well as accommodation and services;
- 7.6.3 plan to play a role in the development of the region in the vicinity of the Highway as an important tourist destination, with particular regard to the Drakensberg; and
- 7.6.4 create and sustain through LIPs an environment that will support the realisation of the tourism vision. Tourism awareness is to be encouraged and promoted through nationally recognised training programmes based on the National Department of Education and Training's "Outcomes Based Learning Programme for Travel and Tourism".

7.7 PDE Support

The Development Programme will endeavour to provide support to PDEs that:

- 7.7.1 are involved in the construction, operation or maintenance of the Highway;
- 7.7.2 emerge from the transformation of the adjacent economies from primary activity to secondary process activity;
- 7.7.3 are currently operating in other sectors of the adjacent economies; and / or
- 7.7.4 may be attracted by the added value of clustering with other PDEs in the LIPs through counter trade programmes of foreign investments in South Africa. These will result from international investments and bids which require to be accompanied by counter trade benefits to South African companies and which are aimed at promoting South African PDEs.

7.8 Truck Stops

It is acknowledged that there are many problems which currently exist along the Highway brought about by the illegal parking of trucks and the general lack of suitable truck stop facilities.

The Agency owns several parcels of land which are part of the Road Reserve.

These parcels of land are available to the Concessionaire for development, in conformance with the Agency's established guidelines and in terms of the Concession Contract.

7.8.1 As a matter of priority, Zimele shall, where financially viable, seek to develop adequate truck stop facilities utilising these parcels of land. This shall be done in liaison and in co-operation with all affected parties and stakeholders.

7.8.2 Where these areas are found to be unsuitable for development as truck stops, alternative uses may be considered.

7.9 Annual Business Plan

The Concessionaire shall procure that Zimele operates in terms of a Business Plan submitted annually to the Independent Engineer for information which sets out the expenditure and actions which will be taken for the ensuing year in fulfilment of its obligations contained in this clause.

7.10 Measurement of Performance

7.10.1 The Concessionaire shall submit an updated report on a quarterly basis to the Independent Engineer giving full details concerning the activities undertaken in terms of the annual Business Plan.

7.10.2 The report shall be subject to audit by the Independent Engineer, and shall, together with the annual Business Plan, form the basis of assessment as to compliance or otherwise with the provisions of this clause.

Should more than 20% of any amount provided in the annual Business Plan not be fully expended within the year, that amount, together with a penalty of 10% of the amount not expended, shall be spent in the ensuing year in addition to that year's budgeted amount. Any amount carried forward, with penalties on that amount, for more than two years and not spent at the end of a three year rolling period, shall be paid to the Agency.

