

	<b>Supplier Development, Localisation and Industrialisation (SDL&amp;I) Strategy</b>	<b>Template Identifier</b>	240-43921804	<b>Rev</b>	6
		<b>Document Identifier</b>	240-148918142	<b>Rev</b>	2
		<b>Effective Date</b>	01 September 2019		
		<b>Review Date</b>	September 2022		

<b>Business Unit</b>	Richards Bay Combined Cycle Power Plant Project: GCD
<b>Description/ Scope of Work</b>	Provision of Transactional Advisory Services
<b>Duration of the Project</b>	<b>24 Months (2-years)</b>
<b>Costs Estimates</b>	Not Applicable
<b>Name of Buyer</b>	Martin Ndwammbi

## **Section 1: Preference Points Scoring System:**

Specific Goals – to give a head start to South African and Multinational Companies who have invested in South Africa and complying with the B-BBEE Act of 2013 whose objective is to give effect to Section 217 of the Constitution of the Republic of South Africa.

### **1.1. Introduction and Background**

Eskom Holdings SOC Ltd (Eskom) is in the process of developing a 3000 MW Combined Cycle Power Plant (CCPP) near the port of Richards Bay on the east coast of South Africa. The intent is to utilise this power plant for mid-merit operation to improve security of supply as well as providing the flexibility required to complement renewable energy in line with the country's Integrated Resource Plan (IRP) as well as national plans for the creation of gas infrastructure. Eskom wishes to investigate the feasibility of this project as a private sector participation-(PSP) given the context of the organisation factoring in many aspects including:

- (a) the financial challenges and limited capital,
- (b) internal capability to effectively execute a project of this magnitude, and
- (c) recent government borrowing restrictions.

Eskom thus intends to procure the services of an experienced Transaction Advisor (TA) to assist it through the various project phases using a gated approach. The TA will be expected to put together a Private Sector Participation (PSP). Inclusive of a PSP feasibility study, the Transaction Advisor will complete a feasibility study to a standard that will enable the obtaining of prescribed approvals and PSP procurement. The TA will prepare for and implement the PSP procurement process, including preparing all necessary documentation for Richards Bay Combined Cycle Power Plant for a period of 24 months (phase 1 to 4) Eskom will retain the

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right to accept deliverables at completion of each stage and whether to continue with the ensuing stage depending on the Go/No-go decision.

The TA will complete a due diligence assessment on the project regarding the development work done by Eskom thus far to assess readiness for project execution. It will design a commercial structure for the project needs to show the relationship between Eskom, the PSP or special purpose vehicle (SPV) if designed this way, shareholders, lenders, suppliers, subcontractors, and other players.

### **1.2. Specific Goals (HDI and RDP Goals):**

Eskom as State-Owned Company is required to align with the Government's Development and Growth initiatives. It has committed itself to local development initiatives with the aim of increasing the competitiveness, capacity, and capability of its local supply base as well as support government's goals of shared growth, employment creation, poverty reduction and skills development. Although managed by various Government departments, all local development programs have the following overlapping objectives:

- Skills Development,
- Supplier/Enterprise Development,
- Job Creation and Employment,
- Localisation (procurement spend on local manufacturers),
- Industrialisation (investment in manufacturing plant),
- National Industrial Participation (NIP) programme, and
- Transformation through Broad-Based Black Economic Empowerment.

The Supplier Development, Localisation and Industrialisation (SDL&I)'s mandate is to achieve maximum and sustainable local development impact through leveraging Eskom's procurement's spend in a flexible manner within the business to accommodate Eskom's business imperatives and government's local development initiatives and policies.

All these should be achieved within the context of a Fair, Equitable, Transparent, Cost-Effective and Competitive Procurement process in compliance with Section 217 of the Constitution of the Republic of South Africa, its enabling Legislation Preferential Procurement Policy Framework

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Act (PPPFA) and its Regulation of November 2022 and Eskom's Procurement and Supply Chain Management Procedure.

Therefore the 90/10 preference point system, for acquisition of goods or services, will be used in this Request for Proposal:

<b>B-BBEE Status Level of Contributor</b>	<b>Number of points (90/10 system)</b>
1	10
2	9
3	6
4	5
5	4
6	3
7	2
8	1
<b>Non-compliant contributor</b>	<b>0</b>

**Tender Returnables:**

- Valid original or certified copy of a sworn affidavit in the case of EME's must be submitted (affidavit must be completed fully), or
- Valid Copy B-BBEE Certificate issued by CIPC for EME's. OR
- Valid original or certified copy of the B-BBEE certificate / affidavit in the case of QSE's must be submitted, or
- Valid original or certified copy of the B-BBEE certificate issued by SANAS Accredited Verification Agency for Generic Entities must be submitted, or
- For JV's only valid original or certified copy B-BBEE Certificate issued by a SANAS Accredited Verification Agency will be accepted and the certificate should be in the name of the Joint Venture.

A tenderer failing to provide documentation for the allocation of preference points WILL NOT BE DISQUALIFIED, but (a) WILL SCORE ZERO POINTS OUT OF TEN (10) POINTS ALLOCATED FOR PREFERENCE. IT WILL HOWEVER STILL BE SCORE ON THE NINETY POINTS ALLOCATED FOR PRICE COMPETITIVENESS.

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## Section 2: OBJECTIVE CRITERION:

May change award from the highest ranked tenderer to another tenderer in accordance with the requirements of the PPPFA [clause 2(1)(f)]:

### 2.1. Sub-Consulting (Mentorship and Coaching)

The objective of Sub-Consulting is to ensure that there will be sharing or transference of expertise to South Africans, in accordance with the requirements of the Reconstruction and Development Programme (RDP) through sub-consulting and skills development.

Therefore, the winning bidder will be expected to mentor/coach a small emerging consulting firm that is owned by previously disadvantaged persons through sub-consulting up to 30% of the scope of work to a South African firm. These Sub-Consulting requirements are as follows:

#### Supplier Development, Localisation and Industrialisation's Tender's Requirements:

Bidder	Bid Requirements	Objective Criterion
Non-South African Firm	Commits to mentor/coach and sub-consult a South African Firm	Yes
South African Firm	Commits to mentor/coach and sub-consult a South African Firm owned by Previously Disadvantaged individuals	Yes

The beneficiaries of Skills Development shall be South Africans, preferably from the Eastern Cape Province and reflective of the population demographics of the area of operations.

## Section 3: Contractual Requirements:

### 3.1. Skills Development (Professional's Development Programme)

Eskom's Proposed Targets:				
Qualification	Number	Entry Level	Output	
Project Finance	1	B. Com (Investment/Project Finance)	Acquisition of experience and expertise	
Legal	1	LLB or B. Com (Law)	Acquisition of experience and expertise	
Social Science	1	Social Science Degree	Acquisition of experience and expertise	
Engineering	1	Degree/BTech: Engineering (Mechanical or Electrical)	ECSA Registration	

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Environmentalist	1	Degree/BTech: Environmental Management	South African Council Natural Scientist Professionals (SACNASP)
Total	5		

The beneficiaries of Skills Development shall be South Africans, preferably from the KwaZulu-Natal Province, particularly those coming from the **King Cetshwayo District Municipality** and should be reflective of the population demographics of the area of the District Municipality.

#### Section 4. Performance Guarantee Bond

The Contractor shall submit a Performance Guarantee Bond equivalent to 0.25% of the Contract Value and shall only be released to the Contractor upon fulfilment of all SDL&I Obligations.

#### Section 5: Reporting and Monitoring

- The winning Bidder shall complete and submit the SDL&I Implementation Schedule 28 days after contract award,
- This SDL&I Implementation Schedule will be used as a reference document for monitoring, measuring, and reporting on the Contractor's progress in delivering on their stated SDL&I commitments,
- The Contractor shall, on a quarterly basis, submit a report to Eskom in accordance with Quarterly Reporting Template on their compliance with the SDL&I obligations described above,
- Eskom shall review the SDL&I reports submitted by the Contractor within thirty (30) days of receipt of the reports and notify the supplier on its performance progress,
- Upon notification by Eskom that the supplier is not meeting its SDL&I obligations, the Contractor shall be required to implement corrective measures to meet those SDL&I obligations before the commencement of the following report.

Compiled by:



Gabriel Mkhonza

Middle Manager: Supplier Development, Localisation and Industrialisation

Date: 14 August 2023

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