



**SUBMISSION TO DEVIATE FROM NORMAL PROCUREMENT
PROCESS: Pietermaritzburg and Midlands Chamber of
Business (PMCB)**

TO	MR NHLAKANIPHO NKONTWANA HEAD OF DEPARTMENT
FROM	Ms FIKISWA PUPUMA ADDG: TRADE, SECTOR AND TOURISM DEVELOPMENT SERVICES
CC	MR KHAYA MTHETHWA CHIEF FINANCIAL OFFICER
SUBJECT	REQUEST FOR APPROVAL FOR DEVIATION FOR SINGLE SOURCE APPOINTMENT OF THE PIETERMARITZBURG AND MIDLANDS CHAMBER OF BUSINESS (PMCB) FOR THE IMPLEMENTATION OF THE KWAZULU-NATAL EXPORTER COMPETITIVENESS PROGRAMME
CONTRACT DURATION	24 MONTHS (2 YEARS)
SUBMITTED BY	Ms ZUZILE JALI
DATE	18 MAY 2023

1. PURPOSE

To request approval from the *Head of Department, Mr Nhlakanipho Nkontwana as the Accounting Officer* to deviate from normal Supply Chain Management processes in line with Treasury Regulations: Regulation 16A.6.4 and SCM Instruction Note 3 of 2021/2022 Enhancing Compliance, Transparency and Accountability in Supply Chain Management to award a contract to *Pietermaritzburg and Midlands Chamber of Business (PMCB)* being a single-sourced service provider for an amount of *Two Million Rands, Only (R2 000 000.00)* inclusive of **VAT** and **Disbursements** for the implementation of the KwaZulu-Natal Exporter Competitiveness Programme (KECP) in collaboration with the Global Export Accelerator



Programme (GEAP) currently in implementation by the PMCB for a period of twenty-four (24) months.

2. BACKGROUND

- 2.1 The Department of Economic Development, Tourism and Environmental Affairs (EDTEA) is mandated to spearhead the provincial drive to grow exports, and as such continues to take the lead in coordinating the efforts of all export stakeholders within the province as a means of achieving this objective.
- 2.2 The Department has gone out on tender to appoint a service for the implementation of the KZN Exporter Competitiveness Programme in the financial year 2022/23 (Annexure A), however, non-compliant bids were received and consequently, no suitable service provider was appointed. A bid cancellation notice was issued and publicly advertised on the 8th of December 2022 for Bid number ZNT06 EDTEA: Appointment of the Service Provider for the Implementation of the KwaZulu-Natal Exporter Competitiveness Programme (Annexure B).
- 2.3 The advert for callout was advertised on the 24th of August 2022 and closed on the 22nd of September 2022. The BID evaluation took place on the 01st of November 2022, and no suitable service provider was found. The Department could, therefore, not make any appointments.
- 2.4 In December 2022, EDTEA through the Programme 3: Trade and Investment Promotions sub-programme embarked on an intergovernmental stakeholder engagement to create awareness of the KwaZulu-Natal Exporter Competitiveness Programme, which forms part of the KZN Provincial Export Strategy which serves to establish export-oriented approaches to sustainable economic growth and job creation for the Province.
- 2.5 The Trade and Investment Promotions sub-programme reached out to the Pietermaritzburg and Midlands Chamber of Commerce) and seized the opportunity to learn about the Global Export Accelerator Programme, funded by the German Development Agency, the Deutsche



Gesellschaft für Internationale Zusammenarbeit GmbH (GIZ) and currently in implementation by the PMCB. The engagements were followed by a site visit to attend one of the training sessions and ascertain the GEAP's alignment to the objectives of the Department and the KECP, and further interact with the participants and facilitators of the programme and to create an awareness of the KECP.

- 2.6 Subsequent to the above engagements, opportunities for synergy and value-addition were identified between the two programmes, KECP and GEAP. The interrelatedness of the programmes provides scope to deliver on EDTEA's mandate to spearhead the provincial drive to grow exports, furthermore, building on existing relationships between the KwaZulu-Natal government and the German Corporation in South Africa, and strategic stakeholders to drive export opportunities and market access to export opportunities in Europe, SADC, Eastern and Western Africa.

3. MOTIVATION

- 3.1 The Department of Economic Development, Tourism and Environmental Affairs, through its sub-programme, Trade and Investment Promotions, is responsible for the stimulation of the provincial economy's growth and competitiveness through the promotion of trade and investment opportunities in priority economic sectors. The sub-programme continues to lead strategic initiatives aimed at advancing the economic and industrial development of the KZN province to ensure the meaningful participation of province-based enterprises in global value chains.
- 3.2 The sub-programme has established trade and investment relations with relevant industry stakeholders to undertake provincial investment and export promotion activities. The key performance indicators of such collaborative agreements includes the creation of export awareness, development and promotion to increase the market share of South African products in high growth markets. Stakeholder collaborations remain a crucial component to drive export growth through strategic backward and forward linkages.



KWAZULU-NATAL PROVINCE

**ECONOMIC DEVELOPMENT, TOURISM
AND ENVIRONMENTAL AFFAIRS
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- 3.3 As part of Phase 1 of the programme, which concludes in June 2023, KZN EDTEA onboarded 15 established exporter companies to form part of the 2022/23 cohort of the Global Exporter Accelerator Programme, with the intent to retain 80 jobs. The identified entities are majority Black-owned, formally registered with the Companies and Intellectual Property Commission (CIPC), tax compliant, have been in operation for more than a year and are producing, within KZN, products with export potential. These companies are to be trained during April 2023 to June 2023 and participate the following project activities, Planning for exports and market analysis, market entry and marketing development plan
- 3.4 Phase 2 of the programme, which will begin in July 2023, will focus on contributing towards employment creation for women for the just transition in Africa. The programme will be undertaken under the banner of "Employment promotion for women for the green transformation in Africa (WE4D)" will intensify dialogues and events with its partners in order to address socio-economic barriers for women accessing labour markets and developing their businesses in green sectors.
- 3.5 Through collaborative efforts with the PMCB the Department will benefit from the following:
- 3.5.1 Participate from a national programme focusing on growing South Africa's export potential. Through PMCB the KZN province is represented as one of the regions where this training is being undertaken, the other regions include, Gauteng, Eastern Cape and Western Cape.
 - 3.5.2 Established export-focused programme content through the Global Export Accelerator Programme (GEAP) administered by the PMCB;
 - 3.5.3 The PMCB's expert pool of resources directed at export development and promotion;
 - 3.5.4 An increased output in terms of companies supported for export competitiveness, that would otherwise have not been realized without the collaboration, as follows:
Financial year: 2023/24 Phase 2: Overall support of 55 emerging and established exporters, and an a retention of 340 jobs through the interventions (inclusive of the 15 established exporters supported, and 80 jobs retained through the

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implementation of KECP). The 2023/24 intervention will further focus on women and youth, aligning to the provincial Intergrated Trade and Investment Strategy (ITIS) to support vulnerable groups. The commitment to empowering Female entrepreneurs is further demonstrated in the second phase of the programme to be undertaken in the 2023/24 financial year that will focus on Women in the Green Economy, a sector which also finds mention in South Africa's Vision 2030.

3.5.4.1 Support will focus on the provinces priority sectors which include agro and agri-processing, clothing and textiles, cosmetics and chemicals, natural healthcare, crafting and beadwork as well as steel fabrication with the prime objective of developing export readiness; and identify suitable export markets, facilitate market access and further develop entrepreneurial and general export skills.

3.5.5 The financial resource collaboration will enhance the KECP programme delivery by way of including export forward linkages through targeted trade missions both domestically and internationally.

3.5.6 Additional support to participants will include the provision of transport and data which will enhance a province-wide reach and encourage broadened participation.

3.6 The programme offering will be blended in it's approach to not only include training sessions, but also practical application. In addition to having training sessions with sector-specific experts and access to personal mentorship and business coaching, company's will have an opportunity to participate in Trade Missions and National Pavillions to practical experience in securing international markets for their products. The programme will also leverage off opportunities presented by existing trade agreements between South Africa and the Rest of the World such as the African Continental Free Trade Agreement (AfCFTA).

3.7 The KwaZulu-Natal Exporter Competitiveness Programme will be sufficiently delivered through the collaborative effort with the PMCBs Global Export Accelerator Programme. This will also allow for project continuity with a total of 95 entities supported in both phases



Cost items are detailed in the proposal as found in the annexure. Provision in the budget has been made for individual mentorship and project management support per company supported and administrative and operation expenses. Moreover the collobaoration with the Department will allow for sector expert facilitation for the workshops to be enhanced for the entire group of participants.

The contribution by GIZ as stated previously will also go towards missions and equipment for advanced exporters to enable to access and service their export markets. Hence our contribution for these has been able to be reduced.

8. FINANCIAL IMPLICATIONS

The cost implications associated with the appointment of the Pietermaritzburg and Midland Chamber of Business (PMCB) to implement the KwaZulu-Natal Exporter Competitiveness Programme (KECP) through the Global Exporter Accelerator Programme is **Two Million Rands Only** (R2 000 000) inclusive of **VAT** and **Disbursements** for a period of twenty-four months (Two Years) as per the business plan submitted by the Pietermaritzburg and Midlands Chamber of Business.

The above funding required for the single source deviation is available within **Programme 3: Trade and Industry Development; Sub-Programme: Trade and Investment Promotions** Budget Allocation for 2022/2023 Financial Year and under line item: **Transfers and Subsidies**.

8. COMPULSORY DOCUMENTS TO BE ATTACHED TO THIS SUBMISSION:

Annexure A – Terms of Reference or Specifications.

Annexure B – Quotations or Proposal from the service provider.

Annexure C – SBD4 (Bidder's Disclosure).

9. RECOMMENDATIONS



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It is hereby recommended that approval be granted from the **Head of Department (Mr. Nhlakanipho Nkontwana)** to deviate from normal Supply Chain Management processes in line with Treasury Regulation 16A.6.4 and SCM Instruction Note 3 of 2021/2022 Enhancing Compliance, Transparency and Accountability in Supply Chain Management systems in the appointment of **Pietermaritzburg and Midlands Chamber of Commerce** being a single sourced service provider for an amount of **Two Million Rands Only (R2 000 000.00)** inclusive of **VAT** and **Disbursements** for the implementation of the KZN Exporter Competitiveness Programme (KECP) for a period of twenty-four (24) months.

10. ADMINISTRATION AND PROCESS SIGN OFF

NAME	ROLE	SIGNATURE	DATE
Ms ZUZILE PUMLA JALI	DEPUTY DIRECTOR: TRADE AND INVESTMENT PROMOTIONS		1 June 2023
Ms FIKISWA PUPUMA	ACTING DDG: TRADE, SECTOR AND TOURISM DEVELOPMENT SERVICES	Signed by: Fikiswa Fathia Pupuma Signed at: 2023-06-01 11:05:40 +02:00 Reason: I approve this document 	01/06/23
Ms DHARSHINI RAICHUND	DIRECTOR: SUPPLY CHAIN MANAGEMENT	Signed by: Dharshini Raichund Signed at: 2023-06-08 11:53:33 +02:00 Reason: I approve this document 	09/06/23

11. APPROVAL BY HEAD OF DEPARTMENT

It is hereby recommended that approval be granted from the **Head of Department (Mr. Nhlakanipho Nkontwana)** to deviate from normal Supply Chain Management processes in line with Treasury Regulation 16A.6.4 and SCM Instruction Note 3 of 2021/2022 Enhancing Compliance, Transparency and Accountability in Supply Chain Management systems in the appointment of **Pietermaritzburg and Midlands Chamber of Commerce** being a single sourced service provider for an amount of **Two Million Rand only (R2 000 000.00)** inclusive of **VAT** and **Disbursements** for the implementation of the KZN Exporter Competitiveness Programme (KECP) for a period of twenty-four (24) months.

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NAME	ROLE	SIGNATURE	DATE
MR KHAYA MTHETHWA	CHIEF FINANCIAL OFFICER	Signed by: Khayelihle Njabulo Mthethwa Signed at: 2023-06-12 08:22:50 +02:00 Reason: I approve this document 	12/06/23
MR NHLAKANIPHO NKONTWANA	HEAD OF DEPARTMENT	Signed by: Brightboy Nhlakanipho Nkontwana Signed at: 2023-06-12 16:44:35 +02:00 Reason: I approve this document 	12/06/23

Comments:

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