

	<b>SDL&amp;I Strategy Setting Template for Bidders</b>	Document Identifier	240-6860265	Rev	1
		Effective Date	01 April 2023		
		Review Date	April 2026		

<b>Description/ Scope of Work</b>	The manufacture, testing, supply, installation of smart meters, readyboard retrofit, access covers and poletop box and all associated accessories and decommissioning of existing meters for Distribution Division
<b>Duration of the Project</b>	2 Years

### Section 1: Objective criteria

The inclusion of objective criteria is not mandatory but a condition for contract award. If the tenderer does not meet objective criteria; it may lead to the second-ranked tenderer being recommended for award.

#### 1.1 National Industrial Participation Programme

Eskom will implement the NIPP requirement, which determines that the contractor/supplier must contact the Department of Trade, Industry and Competition (DTIC) to arrange for support and development of local businesses. Eskom is required to inform the tenderers of this requirement. NIPP will only be applicable for contracts with an FGN component or content of USD 5 million or more.

The following narrative must be captured in all tenders that have import/foreign content equal to or in excess of USD 5 million:

“NIPP is a programme that seeks to leverage economic benefits and support the development of South African industry by effectively utilising the instrument of government procurement. The NIPP programme is mandatory for all government and parastatal purchases or lease contracts (goods and services) with an imported content equal to or exceeding USD 5 million.

“The programme targets South African and foreign industries, enterprises, and suppliers of goods and services to government/parastatals, where the imported content of such goods and services equals to or exceeds USD 5 million. The first customer of NIPP is the South African industry that benefits through the NIPP business plans, which, when implemented, generate new or additional business activities through one or more of the following: investment, export opportunities, job creation, increased local sales, SMME and BEE promotion, R&D, and technology transfer.

“Companies with an NIPP obligation must sign this obligation agreement with the Department of Trade, Industry and Competition (DTIC) before the contract with Eskom Holdings SOC Ltd, as a purchasing entity, is signed. The obligation agreement governs the relationship between the DTIC and the supplier. It defines the NIPP obligation value(s), requirements to fulfil the NIPP obligation, performance milestones, performance monitoring processes, and the NIPP credit allocation criteria.

“All tenders with an import content that is equal to or exceeds the threshold of USD 5 million compels the winning bidder to negotiate and enter into a NIPP obligation agreement with the DTIC before signing the contract with Eskom.”

#### NIPP Applicability

The successful tenderer will be required to negotiate and enter into a NIPP obligation agreement with the Department of Trade Industry and Competition (DTIC) before signing the contract with Eskom SOC Ltd, should the tenderer have an import portion that amounts to USD 5 million or more. Compliance on these contractual obligations will be monitored by the DTIC and in the event of non-compliance by the Supplier / Obligor, penalties will be applied as per paragraph 8.3 of the NIPP Guidelines.

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**1.2 Subcontracting as condition of award**

Subcontracting will be treated as a condition for contract award. Eskom’s target is for designated groups indicated below to be subcontracted for the installation portion of the scope of work. The subcontractors should be based in the Operating Unit where smart meters are being installed.

**1.2.1 Designated Groups:**


<b>Category</b>	<b>Abbreviation</b>
Procurement from EME/QSE >51% owned by Black People	BO
Procurement from EME/QSE >51% owned by Black People who are Youth	BYO
Procurement from EME/QSE >51% owned by Black People who are Women	BWO
Procurement from EME/QSE >51% owned by Black People living with Disability	BPWD

**Tenderers are required to indicate subcontracting to designated groups below:**

<b>OU</b>	<b>Contract Packages</b>	<b>Zones</b>	<b>Eskom’s Subcontracting Percentage Target</b>	<b>Designated Group (BO/BWO/BYO/ BPWD)</b>	<b>Tenderer’s Subcontracting Percentage Proposal</b>
<b>Eastern Cape</b>	<b>EC1</b>	Aliwal North 1	30%		
		Aliwal North 2	30%		
	<b>EC2</b>	East London Port Elizabeth	30%		
	<b>EC3</b>	Mthata	30%		
<b>KZN</b>	<b>KZN1</b>	Empangeni Zone	30%		
		Newcastle Zone	30%		
	<b>KZN3</b>	Pietermaritzburg Zone	30%		
<b>Gauteng</b>	<b>G1</b>	Ekurhuleni Zone Tshwane Zone	30%		
		Johannesburg Zone Vaal Zone	30%		
<b>Limpopo</b>	<b>LP1</b>	Groblersdal	30%		
		Lephalale	30%		
	<b>LP2</b>	Polokwane	30%		
	<b>LP3</b>	Thohoyandou	30%		
	<b>LP4</b>	Tzaneen	30%		
<b>Free State</b>	<b>FS1</b>	Bethlehem Zone	30%		
		Bloemfontein Zone	30%		
<b>Northern Cape</b>	<b>NC1</b>	Upington Zone Kimberley Zone	30%		
			30%		
<b>North West</b>	<b>NW1</b>	Matlosana Zone	30%		
		Platinum Zone	30%		
<b>Mpumalanga</b>	<b>MP1</b>	Emalahleni	30%		
		Ermelo	30%		
		Mbombela	30%		
<b>Western Cape</b>	<b>WC1</b>	Atlantic Zone Protea	30%		
			30%		

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**NOTE:** Tenderers shall submit the following mandatory returnable for Subcontracting:

- Subcontracting agreement signed by both with subcontractors' company registration documents (CK and B-BBEE certificate or sworn affidavit) or
- Copies of sub-contracting contracts (agreements) or copies of letters from the tenderer to the sub-contractors, stating the intent to sub-contract. The Tenderer should sign both documents and the Sub-contractor(s) earmarked.

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.

**Note: Successful tenderers will be required to submit subcontractors' BBEE Certificate / Sworn Affidavit and CSD numbers upon award.**

### 1.2.2 Procurement Spend on Designated Groups:

Additional activities that can be procured as a proportion of the local procurement content:

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

### 1.3 Enterprise and Supplier Development

- As part of Enterprise and Supplier Development (ESD), the main contractor is to conduct an analysis of the subcontractor's business skills and identify gaps and areas of improvement. The main contractor is to ensure the subcontractor is equipped with skills to close the identified gaps.
- The main contractor and subcontract to sign an Enterprise Development Agreement to be availed by Eskom
- The main contractor will be required to report on interventions provided as well as progress made

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**Section 2: SDL&I Objectives in line with Reconstruction and Development Programme (RDP) Goals**

Tenderers who complete and submit the objectives as required, but who do not meet Eskom’s targets, will not be disqualified. SDL&I objectives do not form part of scoring but commitments will form part of contractual obligations

**2.1 Transformation – BBEE Improvement or Retention Plan**

Transformation remains an area of focus, where Eskom continuously strives to align itself with national transformation imperatives to unlock growth, drive industrialization, create employment and contribute to skills development.

Eskom encourages its suppliers to constantly strive to improve their B-BBEE rating. Whereas Tenderer/s will be allocated points in terms of a preference point system based on specific goals, Eskom also requests that tenderer/s submits their B-BBEE improvement or retention plan within 30 days of signing the contract.

Tenderer/s are therefore requested to indicate the extent to which they will maintain (only if the respondent is a Level 1) or may improve/maintain their B-BBEE status over the contract period if their B-BBEE status is level 2 or 3. Tenderer/s with a B-BBEE status level 4 at the time of contract award, shall migrate and achieve as a non-negotiable a milestone of B-BBEE Level 3 by the end of the first year of the contract and thereafter improve their B-BBEE status level or migrate by one level higher.

Tenderer/s with a B-BBEE recognition status of Level 5 to Level 8 or non-compliant at the time of contract award, shall migrate and achieve as a non-negotiable a milestone of Level 4 by the end of the first year of the contract and thereafter improve at least one B-BBEE Level higher of each year from the second year of the contract. Tenderer/s are requested to submit their B-BBEE Improvement Plan as an essential document within 30 days of signing the contract.

**NB:** A valid B-BBEE certificate or Sworn Affidavit is a condition for contract award. If the entity’s annual Total Revenue is R10 Million or less, the entity qualifies as an Exempted Micro Enterprise and can submit a Sworn Affidavit. If annual Total Revenue is R50 Million or less, the entity qualifies as a Qualifying Small Enterprise and must comply with all the elements of a QSE score card relevant to the sector, unless the entity is at least 51% Black owned, in this case, the entity can obtain a Sworn Affidavit. If annual total revenue is above R50m, the entity is required to submit a Valid B-BBEE certificate.

**2.2 Local Procurement Content**

“Local Procurement Content” refers to value added in South Africa by South African resources. Where a single contract involves a combination of local and imported goods and/or services, the tender response must be separated into its components as per the **Price Schedule** included with the tender documents. Local procurement content is total spending minus the imported component.

Tenderers will be required to submit their proposals in the table below.

<b>Tenderer’s Local Procurement Content %</b>	
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**2.3 Skills Development**

Tenderers will be required to submit proposals in the table below for developing the skills of unemployed candidates in the country. The composition of the candidates shall be representative of the population demographics of South Africa.

<b>Skill Type / Occupation</b>	<b>Eskom Target</b>	<b>Proposed Number of Candidates</b>
Electrical Technicians	8 (2 per annum)	
Assemblers	12 (3 per annum)	
Software Developer	2	
Quality Controller	8 (2 per annum)	
Safety Officer	8 (2 per annum)	
Logistics Officer	8 (2 per annum)	
Electrical Artisan (Installation of Meters)	12 (3 per annum)	

The process of developing these skills shall involve the participation by tenderers directly and through their supply network. In certain cases, the SETA’s accredited training providers can be approached to participate in developing critical and scarce skills.

**Note:** That these targets for skills development candidates categorically exclude Eskom employees and registered learners. The tenderers are required to take full responsibility for the total cost of developing the requisite skills, and Eskom shall not make any financial contribution towards the fulfilment of this obligation. Tenderers also are advised to approach their relevant SETAs to access grants, subsidies, and incentives as well as South African Revenue Services for tax rebates that are earmarked for skills development initiatives.

**2.4 Job Creation**

Tenderers are required to indicate the number of jobs created and or retained as a result of being awarded this contract.

<b>Number of Jobs to be Created</b>	<b>Number of Jobs to be Retained</b>

Note: Unskilled labourers to be sourced from areas local to site.

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**Section 3: SDL&I Penalty and Performance Security**

**Eskom will apply a penalty of 2.5% of the invoice amount for failure to meet SDL&I obligations.**

Eskom will apply a penalty of 2.5% of the contract value for failure to meet SDL&I obligations. For the duration of the contract, Eskom will retain 2.5% of every invoice (excluding VAT) as security for the fulfilment of all SDL&I Obligations. The retained amounts shall only be released to the Contractor upon:

- Eskom receives the SDL&I progress report/s from the contractor
- Fulfilment of all SDL&I obligations by the contractor
- Submission of an approved compliance report by SDL&I Department

**Section 4: Reporting and Monitoring**

- The suppliers shall submit a report to Eskom in accordance with Data Collection Template on their compliance with the SDL&I obligations described above
- Eskom shall review the SDL&I reports submitted by the suppliers within 30 (thirty) days of receipt of the reports and notify the suppliers in writing if their SDL&I obligations have not been met
- Upon notification by Eskom that the suppliers have not met their SDL&I obligations, the suppliers shall be required to implement corrective measures to meet those SDL&I obligations before the commencement of the following report, failing which Retention clauses shall be invoked
- Every contract shall be accompanied by the SDL&I Implementation Schedule, which must be completed by the suppliers and returned to SDL&I representative for acceptance 28 days after contract award. This will be used as a reference document for monitoring, measuring and reporting on the supplier’s progress in delivering on their stated SDL&I commitments

\_\_\_\_\_  
**Name of Tenderer:**

\_\_\_\_\_  
**Tenderer’s Representative:**

\_\_\_\_\_  
**Signature:**

\_\_\_\_\_  
**Date:**

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