

**KWAZULU-NATAL PROVINCE****ECONOMIC DEVELOPMENT, TOURISM
AND ENVIRONMENTAL AFFAIRS
REPUBLIC OF SOUTH AFRICA**

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Programme 4: Economic Research, Strategy and Planning

Branch: Statistical Databases and Knowledge Management

TO	Dr. T. Ellenson Acting Head of Department: Economic Development, Tourism and Environmental Affairs (EDTEA)
FROM	Ms. Irasha Singh Assistant Director: Statistical Database and Knowledge Management (S&D and KM)
CC	Mr. Khaya Mthethwa Chief Financial Officer
CC	Mr. Cosmas Hamadziripi Chief Director: Economic Research, Strategy and Planning (ERSP)
CC	Ms. Dharshini Raichund Director: Supply Chain Management (SCM)
CC	Ms. Mbali Lunga Deputy Director: Knowledge Management
SUBJECT	Request for the Acting Head of Department to Approve deviation from Normal SCM Process and Allow the use of General Contract for a Single Sourcing Procedure to renew Data Subscription to IHS Information and IHS Information & Insight at a value of R 314 030.50
DATE	05 May 2024

1. THE PURPOSE OF THE SUBMISSION

To request approval from the Acting Head of Department 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 to IHS Information & Insight being a single sourced service

provider for an amount of R 314 030.50 (Three Hundred and Fourteen Thousand and Thirty Rand and Fifty Cents) for (Economic Data subscription) for a period of one (1) year, from 16 June 2024 to 16 June 2025).

2. BACKGROUND AND DISCUSSION

2.1 The Statistical Databases and Knowledge Management (SD and KM Unit) unit's core function is to use Economic Data to develop and analyse provincial and national policies. Economic data is used to set policy targets and contribute to strategic plans for EDTEA and other stakeholders including district and local municipalities. National economic indicators are compiled by Statistics South Africa (Stats SA) are limited and does not encompass all focus areas of data required by the unit, and excludes economic indicators at a district/metropolitan and local municipalities level.

2.2 In addition, the economic statistics that Stats SA provides are not frequently and in cases where data is not available on Stats SA database, the SD and KM unit utilizes private databases such as IHS Markit Regional Explorer and Quantec. IHS Markit database includes a variety of provincial, district and local municipal economic indicators that are required by unit to undertake economic research, policy and strategy formulation. IHS Markit Regional Explorer database is available at national, provincial, district/ metropolitan and local levels which are updated regularly. The department subscribes to IHS Markit to access indicators in the following modules:

- Demographic module
- Development module
- Household infrastructure module
- Labour module
- Income and expenditure module
- Economic module
- Tourism module
- International trade module
- Crime module
- Fiscal module

- Environmental module

3. LINKAGES TO STRATEGIC GOALS AND OBJECTIVES

3.1 The S&D and KM unit is mandated is to provide the department updated reports and information on economic policy and the economy in general. The unit is responsible for developing, facilitating and implementing sound provincial economic policies and strategies based amongst other factors, on analysis of economic data and stakeholder consultations representing various subject matters in the area of government economic operations.

3.2 To achieve the aforementioned mandate, the unit constantly tracks economic developments and policy pronouncements in the province and South Africa through the use of credible economic data sources which get to be analysed using different quantitative analytical tools. In addition, as a value-added service the unit receives data requests for economic data from key stakeholders in government, private sector and civil society.

3.3 The unit also achieves its mandate through publishing quarterly economic overview and regular sector analysis reports which track economic performance of various sectors in the province. This information is critical for policy makers, potential investors and other stakeholders for decision making purposes. The unit requires access to up-to-date monthly, quarterly and yearly economic data to achieve its mandate.

4. REASON FOR DEVIATION (FURNISH REASON FOR DEVIATION)

TYPE OF DEVIATION	REASONS FOR DEVIATION
SINGLE SOURCE SUPPLIER	4.1 Currently, in South Africa the only freely available database of economic indicators is housed at Statistics South Africa (Stats SA), which mainly has National data series. The

TYPE OF DEVIATION	REASONS FOR DEVIATION
	available database provided by Stats SA is supplied on a quarterly basis and not broken down to provincial, district or local levels, therefore it does not give enough data on regional economy. District and Municipal data are limited to Surveys and Census (i.e. Census 2011, Community Survey 2016 and the recent Census in 2022) conducted by Stats SA every 5 to 10 years. These data sources make it difficult to analyse Provincial or local economic trends. Availability of up-to-date Provincial data series assists the Department in reporting through PGDG structures, action working groups (AWG) on the Status of the Provincial or Local Economies and for benchmarking or setting provincial targets. In addition, some of Stats SA's data on provincial, district and local municipalities is not updated regularly and this limits the role of economic and policy analysis. 4.2 There are two main companies who do econometric modeling to 'digest' national statistics and break it down to the Provincial, District and Local levels, namely; IHS Markit and Quantec. EDTEA has over the years made subscriptions to both companies as they produce highly standardized and somewhat different sets of data. For completeness and to allow comparisons and in-depth analysis, the unit subscribes to both data sources. Furthermore, two sources are used interchangeably depending on the task at hand and level of analysis and frequency required. The statistical data industry in the country is monopolized by the aforementioned companies together Statistics South Africa and to some extent the South African Reserve Bank (who publishes national monetary statistics). 4.3 IHS Markit Regional Explorer provides a compilation of

TYPE OF DEVIATION	REASONS FOR DEVIATION
	data sets from a National, Provincial, Metropolitan, District and to Municipal level. This makes the use of the data comparable across the different spheres. The data is in time series dating from 1996 which shows long term trends and the current forecast tool provides information to the year 2026. The data provided by IHS Markit has been used to assist Municipalities with socio-economic data which is necessary for the formulation of IDPs and Spatial Development Frameworks. From time to time, the unit receives data requests from a number of other stakeholders in the province. The data from the database is also used internally within EDTEA to inform strategic planning frameworks such as the Annual Performance Plan (APP), annual budgets, strategic plans, executive pronouncements amongst other uses.
	4.4 Transferring to MKI will not be possible until December 2024 or January 2025 due to the required Legislature approval and the need for an adjustment budget in September 2024. IHS Markit data is computer software-based and can only be accessed through individual laptops. Unfortunately, having MKI supply data to EDTEA's 15 researchers on an ad-hoc basis is not feasible, as research involves trial and error, and experimenting with various macroeconomic indicators. The department has previously attempted sharing licenses with agencies like TIKZN, TKZN, and Provincial Treasury, but have often struggled with IHS, whereas other data sources like Quantec (which is web-based) have been easier to manage.

5. LEGAL FRAMEWORK

SCM Instruction Note 3 of 2021/2022 enhancing compliance, transparency and accountability in supply chain management.

Deviation from Normal Bidding Processes

If in a specific case it is impractical to invite competitive bids, the AO/AA may procure the required goods and services by other means, provided that the reasons for deviating from competitive bids must be recorded and approved by the AO/AA.

Other means include

- a) Limited bidding
- b) Written price quotations within the threshold determined by National Treasury Instructions; and
- c) Procurement that occurs in emergency situations and urgent cases

Treasury Regulation 16A 6.4

"If in a specific case it is impractical to invite competitive bids, the Accounting Officer or Accounting Authority may procure the required goods or services by other means, provided that the reasons for deviating from inviting competitive bids must be recorded and approved by the Accounting Officer or Accounting Authority."

6. SERVICE PROVIDER DETAILS

- 6.1 Name: IHS INFORMATION & INSIGHT (PTY) LTD
- 6.2 CSD number: MAAA0031769
- 6.3 BBBEE Status of the Supplier: Non-Compliant
- 6.4 Tax Status: Compliant
- 6.5 Vat Registration No. : 4080149547
- 6.6 State Employee Yes/No
- 6.7 Tender Default Register: Yes/No

7. VALUE FOR MONEY/ MARKET ANALYSIS

The comparison in Prices with other data service providers of similar nature such as Quantec databases shows that the price quoted is within market range. The subscriptions for IHS Markit Regional Explorer is R 314 030.50 (Three Hundred and Fourteen Thousand and Thirty Rand and Fifty Cents) which includes licenses for 15 users for the department.

8. FINANCIAL IMPLICATIONS

- The complete cost for the service is R 314 030.50 (Three Hundred and Fourteen Thousand and Thirty Rand and Fifty Cents), for a period of One (1) year (from 16 June 2024 to 15 June 2025). The quote (Q104804) from the service provider is attached hereto.
- The service is accordingly budgeted for and funded from, Statistical Database and Knowledge Management programme budgeted in the 2024/25 financial year.

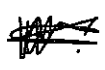
9. COMPULSORY DOCUMENTS TO BE ATTACHED TO THIS SUBMISSION:

Annexure A – Specifications

Annexure B – Quotations from service provider.

Annexure C - SBD4 - Bid Disclosure Form

11. ADMINISTRATION AND PROCESS SIGN OFF

NAME	ROLE	SIGNATURE	COMMENTS	DATE
Ms. Irasha Singh	Assistant Director: Statistical Databases and Knowledge Management			02/06/24
Ms. Mbali Lunga	Deputy Director: Knowledge Management		Subscription is set to expire in 4 days	02/06/24
Mr. Cosmas Hamadziripi	Chief Director: Economic Planning	Signed by: Cosmas Hamadziripi Signed at: 2024-06-03 10:09:45 +02:00 Reason: I approve this document 	IHS Markit data is computer software- based and accessed through individual laptops and is licenced per computer. Data cannot be sourced from MKI on an ad hoc basis. MKI data systems were	03/06/24
Ms. Dharshini Raichund	Director: Supply Chain Management	Signed by: Dharshini Raichund Signed at: 2024-06-04 12:09:42 +02:00 Reason: I approve this document 		04/06/24
Mr. Khaya Mthethwa	Chief Financial Officer		Signed by: Khayathile Njabulo Mthethwa Signed at: 2024-06-11 17:53:35 +02:00 Reason: I approve this document 	11/06/24

12. APPROVAL BY ACTING HEAD OF DEPARTMENT

It is recommended that approval be granted from the Acting Head of Department to deviate from normal Supply Chain Management processes in line with Treasury Regulation 16A 6.4 and SCM Instruction Note 3 of 2016/2017- Prevention and Combating Fraud in SCM systems to award a contract to IHS Information and Insight being a sole service provider for an amount of R 314 030.50 (Three Hundred and Fourteen Thousand and Thirty Rand and Fifty Cents) for (Data Subscription) for a period of (One (1) year, from 15 June 2024 to 16 June 2025).

NAME	ROLE	SIGNATURE	DATE
Dr T. Ellenson	Acting Head of Department	Signed by:THANDEKA PRECIOUS ELLE Signed at:2024-06-12 12:21:32 +02:00 Reason: approve this document 	12/06/24

Comments



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AND ENVIRONMENTAL AFFAIRS
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Purpose:

The Statistical Databases and Knowledge Management Unit act as an advisory body to the Department of Economic Development, Tourism and Environmental Affairs (EDTEA) on matters of economic policy and the economy in general. The programme achieves the aforementioned objectives through publishing quarterly economic overview and regular sector analysis reports which track economic performance of various sectors in the province. The units core function requires current economic data, which at times are not available through Stats SA, the programme use private, secondary data. Secondary data is sourced from companies that uses an array of supplementary data and econometric techniques to the Stats SA data or census/surveyed data sets.

The purpose of this request is to appoint a service provider to supply socio-economic data services at a National, Provincial, district/metropolitan and local municipal levels of KwaZulu Natal. The subscription is for a period of 12 months. The data is presented in a time series dating back as far as 1996 and includes econometric forecasts with a 5-year outlook for the economic module.

Service required:

- Database must contain both macro and microeconomic indicators
- Indicators must be available for all levels; National, provincial, district/ metropolitan and local levels
- Data review period dates back to year 1996
- Database updated quarterly
- Data is available in either annual or quarterly format

- Grant access up to 15 user licenses
- Customisable selections of data tables and charts presented in excel format
- Forecast component with an outlook of 5 years

Indicators: the database must contain indicators on different economic fields, including the following;

- Demographic Module
- Development Module
- Household Infrastructure Module
- Labour Module
- Income & Expenditure Module
- Economic module
- Fiscal Module
- Tourism Module
- International Trade Module
- Environment
- Crime Module and other relevant modules

Experience

The service provider should provide software-based tool for customizing data selections by region, indicator and year.

Evaluation

The service provider must furnish the department with the following documents;

- Tax Clearance Certificate
- Declaration of Interest
- Quote for 12-month period

- B-BBEE certificate
- Registered on the National Treasury Central Supplier Database

Enquiries

Any questions or clarifications must be directed to the following team members:

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OR

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