

 KWAZULU-NATAL PROVINCE ECONOMIC DEVELOPMENT, TOURISM AND ENVIRONMENTAL AFFAIRS REPUBLIC OF SOUTH AFRICA	PROCUREMENT & ADMINISTRATION	
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SUBMISSION TO DEVIATE FROM NORMAL PROCUREMENT PROCESS: SINGLE SOURCE SUPPLIER

TO	DR. THANDEKA ELLENSON ACTING HEAD OF DEPARTMENT: ECONOMIC DEVELOPMENT, TOURISM AND ENVIRONMENTAL AFFAIRS
FROM	MR SIMPHIWE FIKIZOLO DIRECTOR: INDUSTRIAL ECONOMIC HUBS AND SEZS
CC	MS. DHARSHINI RAICHUND DIRECTOR: SUPPLY CHAIN MANAGEMENT
	MS FIKISWA PUPUMA ACTING DDG: TRADE, SECTOR AND TOURISM DEVELOPMENT
	MR KHAYA MTHETHWA CHIEF FINANCIAL OFFICER
SUBJECT	REQUESTING THE ACTING HEAD OF DEPARTMENT TO AUTHORISE A DEVIATION FROM NORMAL SCM PROCESSES TO UTILIZE MSUNDUZI SKILLS CENTRE AS A SINGLE SOURCE SUPPLIER FOR SOLAR PHOTOVOLTAIC (PV) INSTALLATION TRAINING IN UMGUNGUNDLOVU FOR A PERIOD 18 MONTHS.
CONTRACT DURATION	18 MONTHS
SUBMITTED BY	MR SIMPHIWE FIKIZOLO DIRECTOR: INDUSTRIAL ECONOMIC HUBS AND SEZS
DATE	28 May 2024

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1. PURPOSE

This submission aims to acquire approval from the Acting Head of the Department, Dr. Thandeka Ellenson of the KwaZulu-Natal Economic Development, Tourism & Environmental Affairs for a deviation from normal SCM processes to award a contract to **MSUNDUZI SKILLS CENTRE (MSC)** to train 20 young people in Solar PV Installations and entrepreneurship for an amount of R3 million for a period of 18 months in the uMgungundlovu district.

2. BACKGROUND

The Department of Economic Development, Tourism and Environmental Affairs is mandated to be at the pole position regarding the acceleration of socio-economic change essential in reversing the historically racial inspired developmental disparities in the province. This includes the development of practical policies and strategies that would guarantee access to economic opportunities for black communities who were historically excluded from the country's economy.

Msunduzi Skills Centre (MSC), a QCTO accredited technical skills development and training company domiciled in Pietermaritzburg, KwaZulu Natal will train 20 young people in Solar PV Installations and entrepreneurship. MSC is currently the only QCTO accredited training provider for Solar PV Installation in the province.

MSC will use R3 million to train twenty (20) N6 or National Diploma graduates in electrical engineering graduates for an Occupational Certificate as Solar Photovoltaic Service Technicians program. The learners will also be taken through an entrepreneurship programme to open up more opportunities for them. With these competencies, the learners can elect to either being employed or setting up their own enterprises and this is a sort-after skill in employment and opportunities abound to start own ventures.

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This training seeks to address unemployment through enhancing the technical capabilities of either TVET (N6) or University of Technology graduates in Electrical Engineering to help fight the scourges of unemployment and poverty.



The learners will undergo a twelve-month training comprising of knowledge modules, practical modules and workplace modules in the installation and maintenance of solar systems and equipment. The entrepreneurship programme, in the form of a New Venture Creation short-skills programme, will be scheduled within the year of training.

Statistics South Africa (StatsSA)'s Quarterly Labour Force Survey (QLS) for the last quarter of 2023 reported an unemployment rate of 32.1%. The country's youth being persons between the ages of 15 to 34 years of age, were reported to be the most vulnerable in the labour market. Youth unemployment during the same period stood at a staggering 44.3%. Although unemployment amongst South Africans with a tertiary is 9.6%, TVET graduates' unemployment rate is over 35%.

Although KZN's official unemployment rate at 29.5% is lower than the national average, it is still significantly high and require innovative approaches to curtail it.

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One of the challenges bedevilling employment creation in the country has been the unreliability of power supply which has led to some companies scaling down. Whilst there is a myriad of reasons to it, it is broadly agreed that, Eskom, South Africa's public power utility, is battling to maintain its aging electricity infrastructure. This has resulted in power outages which negatively affect economic growth, resulting on company closures and job losses.

Having forecasted the impending challenges South Africa committed to an energy generation infrastructure development plan for 2010 to 2030, known as the Integrated Resource Plan (IRP) wherein it aims to achieve 9600 MW of solar power capacity to augment the existing capacity by 2030.

Solar energy is one of the many alternatives available to augment the power supply for the country. With solar resource potential is amongst the highest in the world, South averages two thousand five hundred (2 500) hours of sunshine per year, combined with high solar radiation levels (between 4.5 and 6.5 kWh/m² per day). As electricity costs keep rising, and solar installation equipment prices on the decline, solar is fast becoming a more viable and cost-effective option for both households and businesses in South Africa. The growth of the renewable energy industry in South Africa, is driven, predominantly, by these three factors:

- 1) the worldwide drive towards renewable energy,
- 2) a highly strained local electricity supply, and
- 3) a steady drop in solar panel prices.

The announcement of financial incentives for private individuals and companies generating their own power through solar by the Minister of Finance, Mr Enoch Godongwana, amid the worsening rolling blackouts has contributed to the spike in demand for Solar PV installations with the suppliers battling to meet the demands

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resulting in longer lead times. Prior to the surge in demand for Solar PV Installers, there was already a shortage of qualified electricians in the country as most of the installers do not have recognized qualifications which compromises the compliance of the installations with insurance and mortgage funders. These installers attend short 3 to 5-day courses.

The Quality Council for Trade and Occupations (QCTO) working with the Manufacturing, Engineering and Related Services Sector Education Training Authority (merSETA) has developed the Solar Photovoltaic Service Technician qualification, which is a priority skill in the current socio-economic climate. To date, only 21 centres are accredited nationally, namely:

NATIONAL ACCREDITED CENTRES - SOLAR PHOTOVOTAIC SERVICE TECHNICIAN

#	Accredited Training Centre	Province
1	Aubrey Nyiko Business Enterprises CC	Gauteng
2	Africa Skills Village	Western Cape
3	Clean Heat Academy (Pty) Ltd	Gauteng
4	Electrical Contractors Association South Africa	Gauteng
5	Ekurhuleni Artisans Skills and Training Centre (Pty) Ltd	Gauteng
6	Ekurhuleni West TVET College Tembisa Campus	Gauteng
7	Future Leader Institute of Technology (Pty) Ltd	Mpumalanga
8	Goldfields TVET College – TOSA Campus	Free State
9	GC Solar (Pty) Ltd	Gauteng & Western Cape
10	Khosithi Artisan and skills Training Institute	Mpumalanga
11	Melwood Institute of Technology (Pty) Ltd	Gauteng
12	MSC Artisan Academy (Pty) Ltd	Eastern Cape
13	Msunduzi Skills Centre (Pty) Ltd	KwaZulu-Natal
14	PCD College (Pty) Ltd	Gauteng
15	Sbongukhanyo (Pty) Ltd	Eastern Cape

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16	Sokhela Legacy (Pty) Ltd	Gauteng
17	South African Renewable Energy Technology Centre	Western Cape
18	Teki Investments (Pty) Ltd	Gauteng
19	TrioFlex Incubator (PTY) LTD	Gauteng
20	Tshwane University of Technology - Pretoria Campus	Gauteng
21	West Coast TVET College – Vredenburg Campus	Western Cape

Table 1: Solar PV Installations accredited training providers in South Africa as at 29 February 2024

Source: https://www.qcto.org.za/databases-of-sdps.html#sdps_engineering_related_occupational_qualifications

3. LINKAGES TO STRATEGIC GOALS AND OBJECTIVES

This training will ensure the stimulation and fast tracking of economic participation of Africans in the energy sector, which will lead to growth in the region, increase competitiveness of the sector and create more, sustainable jobs, and also alleviate poverty in communities. It is therefore imperative that the identified group beneficiaries undergo formal training in installation of Solar PV Panels. Most of these beneficiaries possess formal training in the field electrical engineering. The Solar PV Installation Training is the most convenient and viable option for these beneficiaries.

4. COMPETITION

Msunduzi Skills Centre do not have an accredited competitor within the province of KwaZulu-Natal. Prior to the surge in demand for Solar PV Installers, there was already a shortage of qualified electricians in the country as most of the installers do not have recognized qualifications which compromises the compliance of the installations with insurance and mortgage funders. These installers attend short 3 to 5-day courses at an average cost of R15 000 per learner. **See attached quotations**



5. MSC AVAILABLE CAPACITY

Facilitators

Msunduzi Skills Centre has assembled a qualified and experienced team to implement this project successfully. The team of Facilitators comprise of the following:

#	Name of Facilitator	ID Number	Qualifications	Training Experience	Experience In Solar Industry
1	Sanele Masuku	9204276363081	Trade Tested Electrician & N4 + PV Solar training	5 years	4 years
2	Asanda Sam	8906061084083	National Diploma in Electrical Engineering + SACE	7 Years	2 years
3	Unathi Dandala	9501310448087	National Diploma in Electrical Engineering + SACE	6 Years	1 years
4	Sinenhlanhla Majozi	9011300782081	National Diploma in Electrical Engineering + Trade-tested	8 Years	3 years
5	Nyameka Rwexwana	7601290244084	Trade Tested Electrician & N4 and Solar training	4 Years	2 years

Project Managers

Bernard Makanha – Project Director

With more than 20 years' post-graduate working experience holding senior Executive roles in investment banking, Bernard ventured into skills development and training in 2010. An ardent believer in unlocking greatness in people, Bernard's held roles of Chief Investments Officer, Chief Operating Officer, and Managing Director of one of the largest privately-owned artisan training group of companies in KZN.

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He has been involved in all phases of training projects from conceptualisation, designing, raising of funds and implementation. He has been an accounting officer for NSF and SETA funded projects running into hundreds of millions of rands.

Bernard holds a Bachelor of Commerce Honours Degree in Finance and an MBA from the National University of Science and Technology (Zimbabwe).

Ronald Gwangwava – Project Manager

Ronald has held different middle level management jobs in various institutions of higher learning. He has served in different capacities as project coordinator, business development officer, and academic facilitator and lately as project manager overseeing large multi-million-rand projects.

He is a holder of a Bachelor of Science Honours Degree in Media and Society studies, a Professional Diploma in Public Relations and Marketing, an advanced Diploma in Business Project Management and a Bachelor of Laws Degree.

He inculcates result-focused thinking within teammates to increase operational efficiency. His training and experience also emphasise issues management that helps forestall crisis. Ronald's record will prove that he is conscientious, disciplined, energetic, reliable and adaptable.

6. RECRUITMENT

MSC has been engaging with uMgungundlovu TVET College campuses to attract their graduates to undertake Solar PV training. There has been a lot of interest and the engagements would continue when this submission is approved. uMgungundlovu TVET College has many engineering students with interest to venture into Solar Photovoltaic Installation Training.

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7. REASON FOR DEVIATION (FURNISH REASON FOR DEVIATION)

TYPE OF DEVIATION	REASONS FOR DEVIATION
SINGLE SOURCE SUPPLIER	1. From the analysis of the QCTO website there is only one accredited service provider available in KZN hence MSC is recommended to conduct the Solar PV Training for the following reasons: • CAPACITY (attached references from CharithBrook Solar, ProSolar Solutions, Inspire NPC. Team of expert) • ACCESSIBILITY (the centre is near all the beneficiaries, no accommodation will be needed but if is out of the province the cost will be high due to accommodation added. • EQUIPMENT IN THE VENUES (MSC has a fully equipped workshop for Solar PV training. Equipment include Batteries, Solar Panels, Converters, Mounting structures, PV Cables, etc • COST BENEFITS (closer to potential employment to get the practical exposure. The practical hosts such as BNK Solar, Pro Telecoms, etc. see attached letters. 2. There are 70% possibilities for employment because the learners will be hosted by different institutions for practical exposure, please refer to the attached letters for Institutional hosts. These trainees will be placed in different Solar companies, see attached supporting letters.

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3. Also, is not practical to go for open bid because the other available suppliers are purely based outside of KZN and it will be costly to consider other suppliers outside of KZN as the research that has been conducted they don't have branches in KZN. It will create challenges for them due to accommodation bookings and flights bookings etc.
4. Most of the installers do not have recognized qualifications which compromises the compliance of the installations with insurance and mortgage funders. These installers attend short 3 to 5-day courses at an average cost of R15 000 per learner.
See attached quotations
5. MSC has a Unique ID: 2020/871583/07 and Accreditation Unique ID: SDP231023223131
6. The qualification is an NQF Level 4 occupational qualification which will be completed in 18 months. According to the Services SETA guidelines, the training cost is pegged at R40,500.00 and stipend is at R72,000.00 per learner for the 18-months duration, this translates to R112,500.00 per learner and R4,000.00 per learner per month over the 18 months period. The training provider costs include Personal Protective Equipment, Learner Toolkit, Consumables, Learning Material and Facilitation fees

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8. 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.”

9. SERVICE PROVIDER DETAILS

Msunduzi Skills Centre (Pty) Limited (MSC), a QCTO accredited private technical skills development and training company domiciled in Pietermaritzburg, KwaZulu Natal province's capital. MSC is currently the only QCTO accredited training provider for Solar

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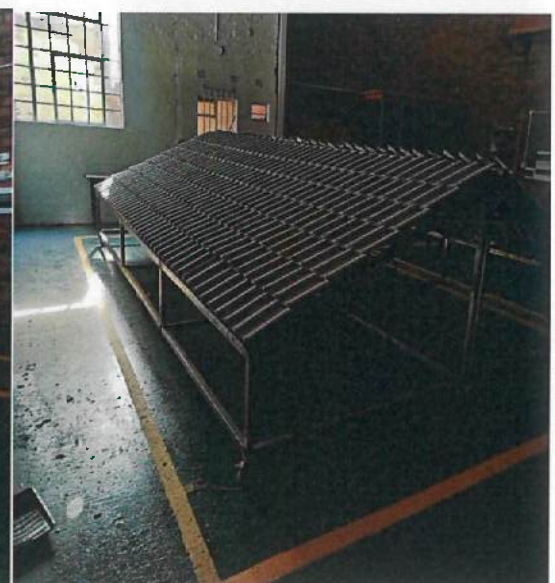
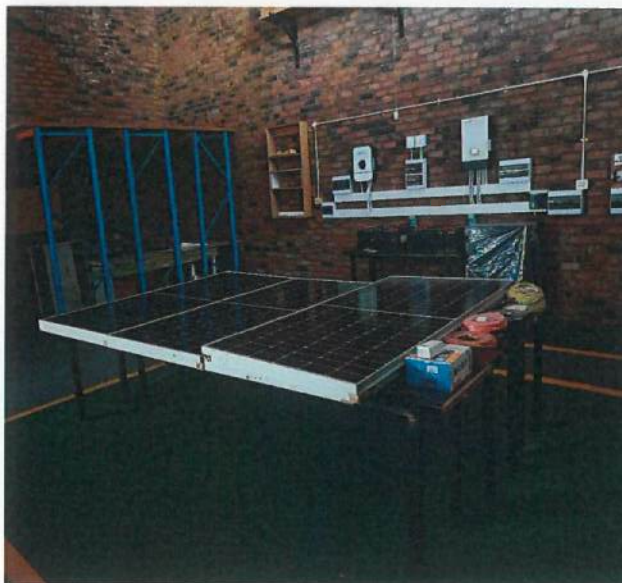
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PV Installation in KwaZulu-Natal province. Open the LINK for Solar PV Installations accredited training providers in South Africa as at 29 February 2024

https://www.qcto.org.za/databases-of-sdps.html#sdps_engineering_related_occupational_qualifications

MSC WORKSHOP EQUIPMENT



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10. VALUE FOR MONEY/ MARKET ANALYSIS FOR REASONABLENESS

Going environment friendly has not just become a fad of the day, it has come to be an essential parameter. People today are looking for environment friendly options for all walks in life for over 2 decades now. Additionally, in South Africa, load-shedding has made life difficult and increased unemployment. Training in solar PV installation provides a lot of career opportunities for the youth. The value of training young people in solar PV installation system includes:

- **Students learn innovative technology**

It is an extremely interesting field of study which is fresh in the market. While big think tanks and subject matter experts are constantly brainstorming on how to create renewable and recyclable energy resources, big MNCs are implementing these technologies in their infrastructure. Students in this field get to learn fresh and new technology that wasn't there even couple of years ago.

- **Huge job opportunities**

If you see the high-rise constructions, new gated communities and other corporate edifices, all are embarking on the power of solar energy. This opens up huge job

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market for someone who is skilled in this field. As a job seeker, you are facing minimum competition as not many people have heard about the domain.

- **Future potential of growth**

The solar energy utilization is here to stay for a long time now. Hence, there will be loads of opportunities for a trained person to find jobs. You can join a concern that works in this sector and once equipped with the technology, you can also become an independent installer opening up huge earning potential for yourself.

- **Global opportunity knocks at the door of a trained individual**

As we mentioned in the beginning, utilizing the potential of renewable solar energy is a global phenomenon today. If you train yourself well in this technology, you have umpteen chances of being employed not only in your own area but abroad. So, the global job market awaits you- thanks to this technology and its incredible benefits.

- **International funding makes pay packages huge**

All the companies, be it real estates or corporate giants who are working in the field of utilizing solar power need huge man power. There is a scarcity of skilled resources at this moment to implement this technology. Hence, companies are lapping up people who have good knowledge of this domain. Moreover, due to unavailability of skilled resources, employers are hiring at a highly lucrative salary package.

Furthermore, the market price analysis was conducted by Project Manager to establish cost benefits to the department and the results showed that there would be value-add. The market analysis also showed that the price quoted by MSC is reasonable and competitive in the market. Please refer to the attached quotations.



PRICE BREAKDOWN ANALYSIS

Stipend payable to the beneficiaries is reasonable, sufficient and is within the SETA stipulated stipend rates. This stipend for the duration 18 months will assist and encourage the learners to attend classes and will also eliminate drop outs. The stipend will also cover the cost of transport and other necessities. Please see the table below:

The Services SETA seeks to manage the costs of developing learners across its learning programmes. As such, the SETA has determined unit costs per learning intervention to assist applicants in the preparation of their budget plans.

LEARNERSHIPS (HQ and OQ)					
NQF Level	Duration	Rate Per Learner for Unemployed (LP01)			Rate Per Learner for Employed (LP02)
		Total Budget Cost Per Learner	Stipend Cost	Lead Employer Cost (incl. EISA)	
Level 1-2	Full Qualification (12months)	R 63,000.00	R 36,000.00	R 27,000.00	R 25,000.00
	Part qualification (6months)	R 31,500.00	R 18,000.00	R13,500.00	R 12,500.00
Level 3-4	Full Qualification (12months)	R 76,000.00	R 48,000.00	R 27,000.00	R 25,000.00
	Full Qualification (18months)	R112,500.00	R72,000.00	R40,500.00	R37,500.00
	Part qualification (6months)	R 37,500.00	R 24,000.00	R 13,500.00	R 12,500.00
Level 5-6	Full Qualification (12months)	R 87,000.00	R 60,000.00	R 27,000.00	R 25,000.00
	Full Qualification (18months)	R130,500.00	R90,000.00	R40,500.00	R37,500.00
	Part qualification (6months)	R 43,500.00	R 30,000.00	R 13,500.00	R 12,500.00

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11. ROLL OUT PLAN

Msunduzi Skills Centre		
ROLL OUT PLAN: National Occupational Certificate: Solar Photovoltaic Standalone Systems Installer		
PROGRAM OUTLINE:	Duration	Activities
PHASE 1:		
Knowledge Modules: 313109-001-00-KM-01, Workplace fundamentals, Level 4, 9 Credits. 313109-001-00-KM-02, Tools equipment and materials, Level 4, 7 Credits. 313109-001-00-KM-03, Electricity and electronics, Level 4, 18 Credits. 313109-001-00-KM-04, Wireways wiring and earthing, Level 4, 11 Credits. 313109-001-00-KM-05, Electrical supply systems and transformers, Level 4, 9 Credits. 313109-001-00-KM-06, Protection systems and lightning protection, Level 4, 8 Credits. 313109-001-00-KM-07, Renewable energy, Level 4, 3 Credits. 313109-001-00-KM-08, Components of PV systems, Level 4, 20 Credits.	Months 1- Months 3	This will focus on Classroom Activity with main focus on RPL of learners on electrical fundamentals. This will be at the Centre
PHASE 2: Practical Skill Modules: 313109-001-00-PM-01, Mitigate and respond to hazards associated with PV system installation and maintenance, Level 4, 8 Credits. 313109-001-00-PM-02, Work at heights, Level 4, 4 Credits. 313109-001-00-PM-03, Use tools measuring instruments and equipment, Level 4, 7 Credits. 313109-001-00-PM-04, Design construct and test electrical and electronic circuits, Level 4, 4 Credits. 313109-001-00-PM-05, Plan and prepare for the installation of a PV system, Level 4, 10 Credits. 313109-001-00-PM-06, Install the mechanical components of a PV system, Level 4, 10 Credits. 313109-001-00-PM-07, Install the electrical components of a PV system and inter-connect the system, Level 4, 15 Credits.	Months 4- Months 7	Main Activities during this period will be workshop simulations of PV System Installations. This will be done at the Centre's Solar Workshop
PHASE 3:		
313109-001-00-WM-01, Structured planning and communication processes in the workplace. 313109-001-00-WM-02, Processes to plan and prepare for installation and commissioning of PV systems, Level 4, 22 Credits. 313109-001-00-WM-03, Processes to install mechanical components of PV systems. 313109-001-00-WM-04, Processes to install electrical components of PV systems and to commission the systems, Level 4, 27 Credits.	Months 8 - Months 11	Learner will be placed with Companies in the Solar Photo-voltaic space for them to gain workplace expose. This will be done at different companies with mentoring and monitoring from the Centre
PHASE 4:		
New Venture Creation (Entrepreneurial Training) EISA /Trade Test Preparation	Month 12	Learners will undergo a Entrepreneurial skills program to equip the with skills to start their own Solar installation projects. Afternoons will be dedicated to preparing learners for the National Occupational Certificate: Solar Photovoltaic Standalone Systems Installer Trade Test
TRADE TEST - National Occupational Certificate: Solar Photovoltaic Standalone Systems Installer	Month 13	Learner will do trade test and also conduct the Final Integrated Summative Assessment for new Venture Creation
Note: The program participants will be N6 or Diploma in Electrical Engineering Graduates. The learners will undergo RPL for the knowledge modules		

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12. FINANCIAL IMPLICATIONS

The required funding for the procurement of the only KwaZulu-Natal based accredited training provider for Solar Photovoltaic (PV) Service Technician Qualification is available and budgeted for under Programme 3: Trade & Sector and Tourism Development Services; Sub-Programme: Strategic Interventions for the current financial year. The total cost for the training of 20 young people in Solar PV Installations and entrepreneurship is R3 million for a period of 18 months in the uMgungundlovu district. According to the Services SETA guidelines, the training cost is pegged at R40,500.00 and stipend is at R72,000.00 per learner for the 18-months duration, this translates to R112,500.00 per learner and R4,000.00 per learner per month over the 18 months period.

BUDGET REQUIRED			
Budget Item	#Units	Cost per Unit	Total
Solar PV Installer training	20	R40,500.00	R810,000.00
Learner Stipend (R4,000.00 per month X18)	20	R72,000.00	R1,440,000.00
New Venture Creation – Skills programme	20	R10,000.00	R200,000.00
Business Plan & Strategy Compilations & Registrations	20	R11,000.00	R220,000.00
Coaching & mentoring @R850.00 per session twice monthly for 3 months	20	R5,100.00	R102,000.00
Total Budget			R2,772,000.00
Project Management @7.5%			R207,900.00
VAT INCLUDED			
Total Budget			R2,979,900.00

The price quoted includes VAT

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12. COMPULSORY DOCUMENTS TO BE ATTACHED TO THIS SUBMISSION:

Specifications (TOR)

Quotations from service provider.

Letters from Hosts Companies

Reference letters from previous work

Quotations of similar work

MSC Accreditation

Roll Out Plan



13. RECOMMENDATIONS

It is recommended that the Acting Head of the Department of Economic Development, Tourism and Environmental Affairs grant approval for the deviation from normal SCM processes to award a contract to **MSUNDUZI SKILLS CENTRE (MSC)** to train 20 young people in Solar PV Installations and entrepreneurship for an amount of R3 million for a period of 18 months in the uMgungundlovu district.

14. ADMINISTRATION AND PROCESS SIGN OFF

NAME	ROLE	SIGNATURE	DATE
Project Leader	Mr. M. Radebe		28/05/2024
Director	Mr. S. Fikizolo		28/05/2024
Director SCM	Ms. D. Raichund		28/5/24
ADDG	Ms. F. Pupuma		
Chief Financial Officer	Mr. K. Mthethwa		

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15. APPROVAL BY HEAD OF DEPARTMENT

It is recommended that the Acting Head of the Department of Economic Development, Tourism and Environmental Affairs grant approval for the deviation from normal SCM processes to award a contract to **MSUNDUZI SKILLS CENTRE (MSC)** to train 20 young people in Solar PV Installations and entrepreneurship for an amount of R3 million for a period of 18 months in the uMgungundlovu district.

ROLE	NAME	SIGNATURE	DATE
Acting HOD	Dr. T. Ellenson		
