



agriculture, rural development,
land & environmental affairs
MPUMALANGA PROVINCE
REPUBLIC OF SOUTH AFRICA

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Netesimondzawo

Departement van Landbou,
Landelike Ontwikkeling,
Grond en Ongewing Sake

umNyango weZelimo
UkuThuthukiswa kweNdawo zemaKhaya,
iNarha neeNdaba zeBhoduluko

MEMORANDUM

Ref: 5/6/3/1/04- 26/27
Enq: M Masuku
Ext.: 6136

TO : MR C.M CHUNDA
HEAD: AGRICULTURE, RURAL DEVELOPMENT, LAND AND ENVIRONMENTAL AFFAIRS

FROM : MS M.Z XABA
CHAIRPERSON: BID ADJUDICATION COMMITTEE

SUBJECT : REQUEST TO DEVIATE FROM NORMAL SUPPLY CHAIN MANAGEMENT PROCESS TO APPOINT THE UNIVERSITY OF MPUMALANGA AS IMPLEMENTING AGENT FOR THE HYBRID RICE PRODUCTION PROGRAMME IN MPUMALANGA PROVINCE

1. PURPOSE

To request approval from the Accounting Officer to deviate from the normal Supply Chain Management procurement processes in terms of Treasury Regulation 16A6.4, and to appoint the University of Mpumalanga (UMP) as the Implementing Agent for the Hybrid Rice Production Programme in Mpumalanga Province.

2. BACKGROUND

The Bid Adjudication Committee (BAC) received a request from the Agricultural Producer Support and District Services Chief Directorate for the appointment of the University of Mpumalanga (UMP) as the Implementing Agent for the Hybrid Rice Production Programme in Mpumalanga Province.

South Africa remains a net importer of rice, with more than 97% of domestic rice consumption supplied through imports from countries such as Thailand, India, and Pakistan. This dependency results in significant foreign exchange outflows and exposes the country to vulnerabilities in international food supplies and price fluctuations. The inability of South Africa



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to produce sufficient rice for domestic consumption is attributed to climatic limitations, insufficient irrigation infrastructure, lack of local hybrid rice expertise, limited investment in rice research and development, and the absence of coordinated institutional support for commercial rice production.

The Mpumalanga Province has identified rice production as a strategic agricultural commodity capable of contributing significantly towards:

- Food security;
- Agro-processing and industrialisation;
- Employment creation;
- Rural economic transformation;

A strategic partnership has consequently been established between the University of Mpumalanga, Evolut Consulting and Hainan Tropical Rice Agricultural Technology Co., Ltd. Professor Zhang and his team, who are part of this team, possess nearly three decades of practical experience in tropical hybrid rice production, including successful implementation in the Philippines, where hybrid rice technology substantially reduced food imports and improved national food security. The project seeks to introduce advanced hybrid rice technology and establish sustainable rice production systems across Mpumalanga Province and South Africa.

The Department will make funds available to the University for implementation of the hybrid rice programme, and the deliverables and payment structure will be outlined in the Service Level agreement. The university will be paid in accordance with the deliverables outlined in the SLA. Advance payments will be considered where it is impractical to pay after delivery, and such conditions will be stated in the SLA as well.

3. MOTIVATION

Specialised and Unique Expertise

The University of Mpumalanga is uniquely positioned to implement the programme through its formal partnership agreement with Hainan Tropical Rice Agricultural Technology Co., Ltd and



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Evolut Consulting. UMP currently possesses exclusive institutional access to the required hybrid rice technology expertise, training systems, and implementation support necessary for the successful execution of the programme.

The specialised expertise required for this programme is not readily available within the local market and cannot reasonably be sourced through an open competitive bidding process.

Strategic Public Institution Partnership

UMP is a public institution of higher learning established in terms of the Higher Education Act. Its mandate includes agricultural research, innovation, skills development, and rural development. The appointment therefore promotes intergovernmental collaboration and supports government developmental objectives.

Capacity Building and Skills Transfer

The programme will facilitate agricultural training, research collaboration, and technology transfer aimed at strengthening local expertise in:

- Hybrid rice cultivation;
- Seed production;
- Mechanisation;
- Post-harvest handling; and
- Agro-processing.

Economic Development and Employment Creation

The implementation of the programme is expected to contribute significantly towards:

- Job creation across the agricultural value chain;
- Development of emerging farmers;
- Expansion of agro-processing activities;
- Rural economic development; and
- Increased agricultural productivity.



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Import Substitution and Export Potential

Successful implementation of the programme will contribute towards reducing South Africa's dependence on imported rice while positioning Mpumalanga Province as a potential regional contributor to rice production and export markets.

Research and Innovation Advancement

The programme further presents an opportunity to position Mpumalanga Province as a centre for hybrid rice research, innovation, and sustainable agricultural development.

4. LEGISLATIVE AND REGULATORY FRAMEWORK

Public Finance Management Act, 1999 (Act No. 1 of 1999)

Section 38(1)(a)(iii) of the PFMA requires the Accounting Officer to maintain an appropriate procurement and provisioning system that is fair, equitable, transparent, competitive, and cost-effective.

However, Treasury Regulations permit deviations from competitive bidding processes where it is impractical to invite competitive bids, provided that the reasons for such deviation are properly recorded and approved by the Accounting Officer.

Treasury Regulation 16A6.4

Treasury Regulation 16A6.4 provides that:

"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."

The proposed appointment of the University of Mpumalanga is justified on the basis that:

- UMP has an exclusive institutional partnership with internationally recognised hybrid rice specialists and technology partners;
- The programme requires highly specialised expertise not readily available within the local market;



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- UMP possesses the necessary research, training, and implementation capacity required for successful execution of the programme; and
- The appointment advances government developmental and agricultural transformation objectives.

5. FINANCIAL IMPLICATION

The total estimated cost of the programme over a three-year period is R50 million.

6. DISCUSSION

After considering the submission from the Agricultural Producer Support and District Services Chief Directorate, the Bid Adjudication Committee resolved to recommend approval of a deviation from the normal procurement processes for the appointment of the University of Mpumalanga as the Implementing Agent for the Hybrid Rice Production Programme.

The BAC noted that UMP is currently the only institution with an established formal partnership arrangement with internationally recognised hybrid rice technology specialists and implementation partners required for the successful execution of the programme.

The Department will enter into a detailed Service Level Agreement with the University, which will regulate:

- Scope of work;
- Deliverables;
- Reporting obligations;
- Performance monitoring mechanisms;
- Payment milestones; and
- Governance and accountability measures.

Any advance payments, where necessary, will be managed in accordance with applicable Treasury prescripts and explicitly regulated in the SLA. The Department will monitor implementation through a signed SLA, performance reporting mechanisms, milestone-based payments, and regular oversight to ensure value for money and compliance."



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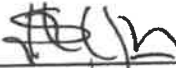
7. RECOMMENDATION

The Bid Adjudication Committee recommends that the Accounting Officer:

- 7.1. Approves the deviation from the normal Supply Chain Management procurement processes in terms of Treasury Regulation 16A6.4 for the appointment of the University of Mpumalanga (UMP) as the Implementing Agent for the Hybrid Rice Production Programme in Mpumalanga Province.
- 7.2. The approval is based on the fact that the University of Mpumalanga is the only institution to have signed a contract agreement with China's Leading Rice Technology Experts, and Evolut Consulting.
- 7.3. The Department will make funds available to the University for the implementation of the hybrid rice, and the deliverables and payment structure will be outlined in the Service Level agreement (SLA).
- 7.4. Payments shall be linked to approved deliverables and performance milestones contained in the SLA.
- 7.5. Advance payments may, where operationally necessary, be considered subject to compliance with applicable Treasury prescripts and conditions stipulated in the SLA.
- 7.6. All the Supply Chain Management processes should be followed when procuring for these services, i.e. required SBD's forms, CSD, orders, delivery notes and invoices.


MS M.Z XABA
CHAIRPERSON: BID ADJUDICATION COMMITTEE

11/05/2026
DATE


MR S.T NGELE
MEMBER: BID ADJUDICATION COMMITTEE

11/05/2026
DATE


MR H.A SIBISI
MEMBER: BID ADJUDICATION COMMITTEE

11/05/2026
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MR M.P MATHEBULA
SECUNDI: BID ADJUDICATION COMMITTEE

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8. RECOMMENDATION

The Bid Adjudication Committee recommends that;

- 8.1. Approves the deviation from the normal Supply Chain Management procurement processes in terms of Treasury Regulation 16A6.4 for the appointment of the University of Mpumalanga (UMP) as the Implementing Agent for the Hybrid Rice Production Programme in Mpumalanga Province.
- 8.2. The approval is based on the fact that the University of Mpumalanga is the only institution to have signed a contract agreement with China's Leading Rice Technology Experts, and Evolut Consulting.
- 8.3. The Department will make funds available to the University for the implementation of the hybrid rice, and the deliverables and payment structure will be outlined in the Service Level agreement (SLA).
- 8.4. Payments shall be linked to approved deliverables and performance milestones contained in the SLA.
- 8.5. Advance payments may, where operationally necessary, be considered subject to compliance with applicable Treasury prescripts and conditions stipulated in the SLA.
- 8.6. All the Supply Chain Management processes should be followed when procuring for these services, i.e. required SBD's forms, CSD, orders, delivery notes and invoices.

APPROVED / ~~NOT APPROVED~~

Highly impactful.

[Signature]

MR C.M CHUNDA
HEAD: AGRICULTURE, RURAL DEVELOPMENT, LAND
AND ENVIRONMENTAL AFFAIRS
DATE: 13/05/2016

