

SUPPLIER DEVELOPMENT AND LOCALISATION TARGETS

1. OBJECTIVE CRITERIA

Specific Goals - Implementing the programmes of the Reconstruction and Development Programme (RDP)

ERI is using this procurement opportunity to promote socio-economic transformation, empowerment of small enterprises, rural and township enterprises, designated groups and promotion of local industrial development. It is against this background, therefore that ERI reserves the right to award the contract to a supplier that commits to Transformation - B-BBEE Improvement or Retention Plan, Skills Development, Job Creation and Socio Economic Development in favour of beneficiaries residing within the Local Municipalities where the service will be consumed.

Legislative requirements, principles, measures and prescriptions associated with the Public Procurement Act No 28 of 2024 including the associated Regulations for its implementation will be cascaded down to the contract arising out of this transaction within three months of the publishing of the relevant government gazette by the relevant Minister. Legislative requirements are mandatory to all contracted suppliers. Respondents are encouraged to familiarise themselves with the Public Procurement Act No 28 of 2024.

1.1. Supplier Development & Localisation Matrix

The SDL&I Matrix is not an evaluation criterion, however the successful supplier is under obligation to submit proposals before it is eligible for award in accordance with Section 2 (1) (f) of the Preferential Procurement Policy Framework Act (PPPFA). SDL&I will be treated as an objective criteria for this transaction.

TABLE 1: SUPPLIER DEVELOPMENT AND LOCALISATION COMPLIANCE MATRIX FOR SUPPLIERS AND CONTRACTORS				
Criteria	Weight (%)	Total Target (%)	Proposed Target (%)	Total Overall Weighted Score
Local Content to South Africa	50.00%	100.00%		
Skills Development	50.00%			
Total Score	100.00%			
	Total Supplier Development and Localisation Score			

1.2. Transformation – BBEE Retention or Improvement Plan

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

Eskom encourages its suppliers to constantly strive to improve their B-BBEE rating. Whereas Respondents will be allocated points in terms of a preference point system based on specific goals, Eskom also requests that Respondents submit B-BBEE improvement or retention plan.

Respondents are therefore requested to indicate the extent to which they will maintain (only if the Respondent is a Level 1) or improve their B-BBEE status over the contract period. Respondents are requested to submit their B-BBEE Improvement Plan as an essential document with their bid.

Respondents with a B-BBEE recognition status of Level 5 to Level 8 or non-compliant, 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.

Eskom will impose a 2.5% penalty on invoiced amount in instances where the prescribed milestones are not met.

Respondents are to note that a drop in the tenderer's B-BBEE recognition status post the contract award will automatically attract a 2.5% penalty on the annual invoiced amount. This is an additional control measure to above prescriptions.

1.3. Skills Development

Considering the overall budget, duration of the contract, opportunities for growth in this industry and the industries annual contribution to skills development levies, the successful supplier is obliged to develop skills through a bursary valued at R60 000.00 per Eskom assigned beneficiary at a registered and accredited South African university of Eskom's choice, for every R4.8 million invoiced of the cumulative contract amount.

The skills development commitment shall be carried out within one month of reaching or exceeding the R4.8 million threshold. The skills development commitment (i.e. a bursary valued at R60 000.00

for every R4.8 million invoiced) will be paid into a bank account of the institution identified by Eskom.

Eskom will impose a 2.5 % penalty on invoiced amount for non-compliance and in addition place the contract on hold until the successful supplier is compliant.

1.4. Job Creation

To be completed by the tenderer

Number of jobs to be created as a direct result of this contract	
Number of jobs to be retained as a direct result of this contract	

- The successful supplier must indicate in the table above the number of jobs to be created and / or retained as a direct result of this contract.
- The expectation will be that the successful supplier has a core team, which will be made up of specialised skills that may not be sourced in the areas surrounding the site. It will be required that at least **50%** of all semi-skilled and **100%** of all unskilled labour that will be utilised in executing the works, will be within Local Municipality where the service will be consumed.

1.5. Socio Economic Development

The successful supplier shall spend 0.1% of the invoiced amount to fund the Corporate Social Investment initiative(s) aimed at empowering black communities as identified by ERI. The CSI commitment (i.e. 0.1% of every invoiced amount) will be ceded to a special account as prescribed by ERI for consolidation with contributions from other suppliers.

2. Monitoring and reporting of SDL&I commitments

- The successful supplier shall on a quarterly basis submit a report to ERI in accordance with the SDL&I Data Collection Template on its compliance with the SDL&I obligations.
- ERI shall review the quarterly report submitted by the successful supplier within 60 (sixty) days of receipt of the reports and notify the successful supplier in writing if its SDL&I obligations have not been met.
- Upon notification by ERI that the successful supplier has not met its SDL&I obligations, the successful supplier shall be required to implement corrective measures to meet those SDL&I obligations before the commencement of the following quarter, failing which the SDL&I penalty clause shall be invoked.

3. SDL&I Penalty

- a. At the end of each quarter, ERI will apply a penalty of 2.5% of the invoiced amount excluding VAT for the successful supplier's failure to meet SDL&I obligations during that period.

Every contract shall be accompanied by the SDL&I implementation schedule which must be completed by the successful supplier and returned to the SDL&I representative for acceptance **before** contract award. This will be used as a reference document for monitoring, measuring and reporting on the supplier's progress in delivering on the successful supplier stated SDL&I commitments.

Signed _____ Date _____

Name _____ Position _____

Company Name _____