Eskom	**Supplier Development Localisation and Industrialisation Undertaking For** **Supply, Deliver and Offload Electrical & Mechanical Consumables for Microgrids /Solar PV Project nationwide over five (5) years.**

SUPPLIER DEVELOPMENT, LOCALISATION AND INDUSTRILIASATION TARGETS

1. OBJECTIVE CRITERIA – Local Content and Local-to-site beneficiation

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.

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).

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 – BBBEE Retention or Improvement Plan

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

ERI 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 its B-BBEE scorecard, ERI also requests that Respondents submit B-BBEE improvement 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 by at least one B-BBEE Level higher of each year from the second year of the contract onwards.

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 twelve months bursary valued at R80 000.00 per ERI assigned beneficiary at a registered and accredited South African university, 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 R80 000 for every R4.8 million invoiced will be ceded to a designated bank account as prescribed by ERI for future transfer to the relevant university as identified by ERI).

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 1% of the contract amount to fund the Corporate Social Investment initiative(s) aimed at empowering relevant communities. The socio-economic development commitment (i.e., one percent (1%) of every invoiced amount will be ceded to a designated account as prescribed by ERI for future transfer to the relevant initiative as identified by ERI).

2. Monitoring and reporting of SDL&I commitments

a. 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.
b. ERI shall review the quarterly report submitted by the successful supplier within 30 (thirty) days of receipt of the reports and notify the successful supplier in writing if its SDL&I obligations have not been met.
c. 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 within 7 (seven) days of receiving ERI feedback, 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 and reporting on the supplier's progress in delivering the agreed SDL&I commitments.

Signed ..... Date .....

Name ..... Position .....

Company Name .....