



water & sanitation

Department:
Water and Sanitation
REPUBLIC OF SOUTH AFRICA

EdTM

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MINISTER OF WATER AND SANITATION

NATIONAL ASSEMBLY: QUESTION ★286 FOR ORAL REPLY

A draft reply to the above mentioned question asked by Mr H P Chauke (ANC) is attached for your consideration.


ACTING DIRECTOR-GENERAL

DATE: 13/12/2016

DRAFT REPLY APPROVED/AMENDED



MRS NP MOKONYANE
MINISTER OF WATER AND SANITATION

DATE: 14/12/2016

NATIONAL ASSEMBLY

FOR ORAL REPLY

QUESTION NO ★286

DATE OF PUBLICATION IN INTERNAL QUESTION PAPER: 22 NOVEMBER 2016
(INTERNAL QUESTION PAPER NO. 39)

★286. Mr H P Chauke (ANC) to ask the Minister of Water and Sanitation:

How will the black-owned companies of South African and Lesotho nationals benefit from opportunities in the Lesotho Highlands Water Scheme? NO3055E

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REPLY:

South Africa (RSA) Black Individuals and companies do benefit from the work done on the Lesotho Highlands Water Project Phase II. I would like to present the actions that are taken to ensure meaningful participation of Lesotho Nationals and Republic of South Africa (RSA) Black Individuals and companies in the Phase II Contracts.

The main purpose of the procurement processes and procedures are that we comply with the following:

- (i) The spirit and objectives of Article 6(17) of the Treaty and Articles 10 and 11 of the Phase II Agreement, as well as the provisions of Lesotho Public Procurement Regulations of 2007, Part III(12).
- (ii) That we take relevant sections of the RSA BBBEE legislation into consideration, for the South African portion of consultancies and construction contracts.
- (iii) That we foster competitiveness and transparency while increasing participation of individuals from Lesotho, South Africa and SADC Member states.

South African Black owned companies are guaranteed a 20% share of the portion of work apportioned to South Africa. In accordance with the Treaty and Phase II Agreement work is dealt with in two distinct different sections.

- (i) In the case of the Polihali Dam and Polihali Tunnel consultancy contracts the agreed split of the contract value between Lesotho and South Africa is 15% (Les): 85% (RSA). The minimum participation of the above-mentioned Black owned entities will thus be 20% of the 85% RSA portion.
- (ii) In the case of Advance Infrastructure 50% of both the Consultancies and Construction work is allocated to South Africa of which 20% of the RSA 50% is reserved for Black South Africans.

- **Compliance monitoring**

Compliance to these criteria are dealt with in the following manner. The minimum targets, or the tendered offer (whichever is larger), for the selected preference criteria are recorded as contractual and performance targets. These are monitored on monthly basis and Penalties apply in the case of failure to comply with the set targets.

- **Details of the Preferential Procurement criteria**

The 76 contracts on Phase II can be grouped into five groups ie:

- (i) **Engineering Consultancies - Dam & Tunnel**

85% is allocated to South Africa of which 17% out of the RSA 85% is reserved for Black South Africans

- (ii) **Engineering Consultancies - Infrastructure**

50% is allocated to South Africa of which 10% out of the RSA 50% (ie 20% of the RSA 50%) is reserved for Black South Africans

- (iii) **Dam & Tunnel construction**

A minimum of 50% will be allocated to South Africa of which a minimum of 10% out of the RSA 50% is reserved for Black South Africans. A higher RSA participation will automatically mean an equivalent higher Black participation

- (iv) **Advanced Infrastructure construction**

50% is allocated to South Africa of which 10% out of the RSA 50% is reserved for Black South Africans

- (v) **Environmental & Social (Consultancies & Implementation)**

50% is allocated to South Africa of which 10% out of the RSA 50% is reserved for Black South Africans

The above-mentioned figures equates to that R 2 117 million out of the RSA portion of R 10 877 million is allocated to RSA Black participation.

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