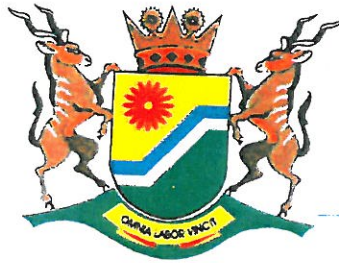


# MPUMALANGA PROVINCIAL GOVERNMENT

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Riverside Park Extension 2  
Nelspruit  
1201



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1200  
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## Department of Finance

Litiko LeteTimali	UmNyango weZeemali	Departement van Finansies	Kgoro ya Matlotlo
Enq : Tel : Ref :	R. Masambo 013 - 766 4230 DoF 14/4/R		

### PROVINCIAL TREASURY CIRCULAR 30 OF 2012

TO: ACCOUNTING OFFICERS

THE ACCOUNTING OFFICER: VOTE 1: OFFICE OF THE PREMIER (DR NONHLANHLA MKHIZE  
THE ACCOUNTING OFFICER (ACTING): VOTE 2: PROVINCIAL LEGISLATURE (MR. SS  
SANYANE)  
THE ACCOUNTING OFFICER (ACTING): VOTE 3: FINANCE (MR JB MBATHA)  
THE ACCOUNTING OFFICER: VOTE 4: COOPERATIVE GOVERNANCE AND TRADITIONAL  
AFFAIRS (MR D MAHLOBO)  
THE ACCOUNTING OFFICER: VOTE 5: AGRICULTURE, RURAL DEVELOPMENT AND LAND  
ADMINISTRATION (MS NL SITHOLE)  
THE ACCOUNTING OFFICER: VOTE 6: ECONOMIC DEVELOPMENT, ENVIRONMENT ( DR V  
DLAMINI)  
THE ACCOUNTING OFFICER: VOTE 7: EDUCATION (MS MOC MHLABANE)  
THE ACCOUNTING OFFICER: VOTE 8: PUBLIC WORKS, ROADS AND TRANSPORT (MR KM  
MOHLASEDI)  
THE ACCOUNTING OFFICER: VOTE 9: SAFETY, SECURITY AND LIAISON (MR ST SIBUYI)  
THE ACCOUNTING OFFICER: VOTE 10: HEALTH (MR R MNISI)  
THE ACCOUNTING OFFICER: VOTE 11: CULTURE, SPORTS AND RECREATION (MS SP  
MJWARA)  
THE ACCOUNTING OFFICER: VOTE 12: SOCIAL DEVELOPMENT (MS NL MLANGENI)  
THE ACCOUNTING OFFICER: VOTE 13: HUMAN SETTLEMENTS (MR D DUBE)

CHIEF FINANCIAL OFFICERS: -

THE CHIEF FINANCIAL OFFICER: VOTE 1: OFFICE OF THE PREMIER (MR T NKOJOANA)  
THE CHIEF FINANCIAL OFFICER (ACTING): VOTE 2: PROVINCIAL LEGISLATURE (MR. C  
MABUNDA)  
THE CHIEF FINANCIAL OFFICER: VOTE 3: FINANCE (MS P SEMENYA)  
THE CHIEF FINANCIAL OFFICER: VOTE 4: COOPERATIVE GOVERNANCE AND TRADITIONAL  
AFFAIRS (MR MD SHIPALANA)  
THE CHIEF FINANCIAL OFFICER: VOTE 5: AGRICULTURE, RURAL DEVELOPMENT AND  
LAND ADMINISTRATION (MR C DLAMINI)  
THE CHIEF FINANCIAL OFFICER: VOTE 6: ECONOMIC DEVELOPMENT, ENVIRONMENT AND  
TOURISM (MS JP HLATSHWAYO)



**MPUMALANGA**  
A Pioneering Spirit

THE CHIEF FINANCIAL OFFICER: VOTE 7: EDUCATION (MR CB MNISI)  
 THE CHIEF FINANCIAL OFFICER (ACTING): VOTE 8: PUBLIC WORKS, ROADS AND  
 TRANSPORT (MR S SHONGWE)  
 THE CHIEF FINANCIAL OFFICER: VOTE 9: SAFETY, SECURITY AND LIAISON (MR BH  
 NGOMA)  
 THE CHIEF FINANCIAL OFFICER: VOTE 10: HEALTH (MS G MILAZI)  
 THE CHIEF FINANCIAL OFFICER: VOTE 11: CULTURE, SPORTS AND RECREATION (MR M  
 KHOZA)  
 THE CHIEF FINANCIAL OFFICER: VOTE 12: SOCIAL DEVELOPMENT (MS P MORGAN)  
 THE CHIEF FINANCIAL OFFICER (ACTING): VOTE 13: HUMAN SETTLEMENT (MS B  
 MOJAPELO)

#### **PROVINCIAL TREASURY:-**

THE GENERAL MANAGER: SUSTAINABLE RESOURCE MANAGEMENT (MS NZ NKAMBA)  
 THE GENERAL MANAGER (ACTING): ASSETS AND LIABILITIES MANAGEMENT (MR R  
 MASAMBO)  
 THE GENERAL MANAGER: FINANCIAL GOVERNANCE (MS J BEZUIDENHOUT)

#### **PUBLIC ENTITIES:-**

THE ACTING CHIEF EXECUTIVE OFFICER: MPUMALANGA ECONOMIC GROWTH AGENCY:  
 (MR J MAHLANGU)  
 THE CHIEF EXECUTIVE OFFICER: MPUMALANGA TOURISM AND PARKS AGENCY: (MR J  
 MODIPANE)  
 THE CHIEF EXECUTIVE OFFICER: MPUMALANGA REGIONAL TRAINING TRUST: (MR  
 MOROPANE)  
 THE CHIEF EXECUTIVE OFFICER: MPUMALANGA GAMBLING BOARD: (MR B MLAMBO)

#### **DISTRICT MUNICIPALITIES:-**

THE MUNICIPAL MANAGER: EHLANZENI DISTRICT MUNICIPALITY (ADV H MBATHA)  
 THE MUNICIPAL MANAGER: GERT SIBANDE DISTRICT MUNICIPALITY (MR M NGCOBO)  
 THE MUNICIPAL MANAGER: NKANGALA DISTRICT MUNICIPALITY (MR AG ZIMBWA)

#### **LOCAL MUNICIPALITIES:-**

THE MUNICIPAL MANAGER: BUSHBUCKRIDGE LOCAL MUNICIPALITY (MR DL SHABANGU)  
 THE MUNICIPAL MANAGER: CHIEF ALBERT LUTHULI LOCAL MUNICIPALITY (MR VN  
 MPILA)  
 THE ACTING MUNICIPAL MANAGER: DIPALESENG LOCAL MUNICIPALITY (MR JB MASEKO)  
 THE ACTING MUNICIPAL MANAGER: DR JS MOROKA LOCAL MUNICIPALITY (MS NP  
 BASANE)  
 THE ACTING MUNICIPAL MANAGER: DR PIXLEY KA ISAKA SEME LOCAL MUNICIPALITY  
 (MR ST SHONGWE)  
 THE MUNICIPAL MANAGER: EMAKHAZENI LOCAL MUNICIPALITY (MR ON NKOSI)  
 THE MUNICIPAL MANAGER: EMALAHLENI LOCAL MUNICIPALITY (MR G MTHIMUNYE)  
 THE MUNICIPAL MANAGER: GOVAN MBEKI LOCAL MUNICIPALITY (MR M MAHLANGU)  
 THE ACTING MUNICIPAL MANAGER: LEKWA LOCAL MUNICIPALITY (MR RTO DIPONE)  
 THE MUNICIPAL MANAGER: MBOMBELA LOCAL MUNICIPALITY (MR X MZOBE)  
 THE MUNICIPAL MANAGER: MKHONDO LOCAL MUNICIPALITY (MR AN MAHLANGU)  
 THE MUNICIPAL MANAGER: MSUKALIGWA LOCAL MUNICIPALITY (MR TBW DLAMINI)  
 THE MUNICIPAL MANAGER: NKOMAZI LOCAL MUNICIPALITY (MR MD NGWENYA)  
 THE MUNICIPAL MANAGER: STEVE TSHWETE LOCAL MUNICIPALITY (MR WD FOUCHE)  
 THE MUNICIPAL MANAGER: THABA CHWEU LOCAL MUNICIPALITY (MR D KOMA)

THE MUNICIPAL MANAGER: THEMBISILE HANI LOCAL MUNICIPALITY (MR JI SINDANE)  
THE ACTING MUNICIPAL MANAGER: UMJINDI LOCAL MUNICIPALITY (MR P MPELE)  
THE MUNICIPAL MANAGER: VICTOR KHANYE LOCAL MUNICIPALITY (MS RM MAREDI)

**PROCUREMENT POLICY FOR THE COMPREHENSIVE RURAL DEVELOPMENT  
PROGRAMME (CRDP)**

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Attached please find the approved Comprehensive Rural Development Programme procurement (CRDP) policy framework for the Province for the implementation with immediate effect during the procurement of goods, services and works in all CRDP sites.

This policy is applicable to all departments, municipalities and public entities implementing projects and programmes in all CRDP sites.

Should you require further information regarding the Procurement Policy for the Comprehensive Rural Development (CRDP), you are welcome to contact Mr. R. Masambo on 013 - 766 4230 or via e-mail at [rmasambo@mpg.gov.za](mailto:rmasambo@mpg.gov.za) or alternatively Mr. C. Twala on 013 - 766 4224 or via e-mail at [ctwala@mpg.gov.za](mailto:ctwala@mpg.gov.za).

With regards,



MR. J.B. MBATHA  
HEAD OF DEPARTMENT (ACTING)  
DATE: 11/10/2012



# Mpumalanga Provincial Government



## MPUMALANGA PROVINCIAL PROCUREMENT POLICY FOR COMPREHENSIVE RURAL DEVELOPMENT PROGRAMME (CRDP)

## 1. PREAMBLE

The concept “Comprehensive Rural Development Programme” it refers to one of the key priorities of government (i.e., Priority number 3) which is aimed at creating vibrant, equitable and sustainable rural communities through out the country.

The vision of government to create vibrant, equitable and sustainable rural communities focuses on three key pillars namely:

- Coordinated and integrated broad based agrarian transformation
- And improved land reform programme, and
- Strategic investment in economic and social infrastructure in rural areas.

Considering the above, the Provincial Treasury has deemed it necessary to develop a procurement policy to direct government institutions on procedure to be followed in procuring goods, services and works designated for CRDP.

This Procurement policy is aimed at providing a framework for the implementation of the CRDP in the Mpumalanga Province inline with applicable legislative framework on supply chain management.

## 1. DEFINITIONS

In this Policy, unless the context otherwise indicates:

**“Bidding Documents”** means documents specifically designed for the purposes of initiating procurement purposes for the purposes of the CRDP;

**“Comprehensive Rural Development Programme (CRDP)”** means an integrated programme of land reform, agrarian transformation and rural development where a rural people takes centre stage in their own development through skills development and enhance job creation;

**“Co-operatives”** means an autonomous association of persons united voluntarily to meet their common economic and social needs and aspirations, through a jointly owned and democratically controlled enterprise organised and operated on cooperative principles;

**“CRDP Provincial Technical Committee”** means a Committee comprised of Provincial Sector Departments, Private Sector and Public Entities responsible for implementing decisions undertaken by the Council of Stakeholders (“COS”);

**“Department”** means a Department comprising the Mpumalanga Provincial Government and as shall have been specified where necessary/applicable;

**“Implementing Stakeholders”** means any stakeholder that is considered to be an implementer of the CRDP by virtue of their designation or function in the case of a Department, Private Sector and Public Entities;

**“Local”** means for the purposes of conducting business, any business activity within the boundaries of Mpumalanga in the following order of preference-

- (i) CRDP Site/Project;
- (ii) CRDP municipality;
- (iii) district municipality;
- (iv) any other area within the Province; and
- (v) in extreme instances where services cannot be procured within the Province, any other Provinces within South Africa;

**MPG** means the Mpumalanga Provincial Government;

**Joint venture** means an association of persons for the purpose of combining their expertise, property, capital, effort, skills and knowledge in an activity for the execution of contracts.

**BBBEE Status level of contributor** means the BBBEE status received by a measured entity based on its overall performance using the relevant score card contained on the codes of good practice on Black Economic Empowerment,

issued in terms of section 9 (1) of the Broad Based Black Economic Empowerment Act

**SCM** means the Supply Chain Management

**Preference** means those preferences provided for in the Preferential Procurement Policy Framework Act, 2000 (Act 5 of 2000) and the regulations thereto and as provided for by this Policy;

**Province** means the Province of Mpumalanga;

**Policy** means the Mpumalanga provincial procurement policy for comprehensive rural development programme (CRDP) and its Annexes or Schedules where applicable; and

## 2. PURPOSE

The purpose of this policy is to:

- 2.1. Provide a framework for the implementation of the CRDP in the Mpumalanga Province inline with the BBBEE level of contributor.

## 3. REGULATORY FRAMEWORK

This policy derives its mandate from the following legislation and prescripts:

- 3.1. The Constitution of the Republic Of South Africa Act, 1996;
- 3.2. Public Finance Management Act, 1999 (Act No. 1 of 1999);
- 3.3. Treasury Regulations, 2005;
- 3.4. The Preferential Procurement Policy Framework Act 2000, (Act No. 5 of 2000);
- 3.5. Preferential Procurement Regulations, 2011;
- 3.6. Draft Provincial Preferential Procurement Policy;
- 3.7. Cooperative Development Procurement Policy for South Africa;



- 3.8. Draft Provincial Cooperatives Procurement Policy; and
- 3.9. Applicable Practice Notes as may be issued from time to time and as they may inform application and implementation of this Policy.

#### **4. SCOPE OF APPLICATION**

- 4.1. This policy applies to all stakeholders in the CRDP sites/projects.
- 4.2. The application of this policy will focus on the procurement of all goods, services, and areas where the greatest benefit can be achieved and with emphasis on procuring from Cooperatives and Local Suppliers.
- 4.3. The Policy must be implemented by all officials to whom procurement authority has been delegated.
- 4.4. This policy will be implemented by the CRDP Provincial Technical Committee in accordance with the powers provided for in the roles and responsibility in the CRDP Strategy.

#### **5. INVITATION FOR SUPPLIERS**

- 5.1. A public awareness campaign shall be developed / introduced to inform the potential supplier base of sources of information on prospective CRDP projects to be implemented.
- 5.2. All information related to the invitations of local potential suppliers base needed for the projects in the CRDP sites will be advertised at least in the following but not limited to:
  - specific CRDP site local media channels;
  - posted in the specific CRDP site local community centers;
  - in CRDP sites local municipalities;
  - Tribal authorities; and
  - Any other form of information media as will be influenced by circumstances from time to time.



## 6. PROVISION OF SUPPORT TO LOCAL SUPPLIERS

- 6.1. Government in partnership with all other implementing Stakeholders will do all that is reasonable possible to provide the required support to local suppliers.
- 6.2. All local potential supplier bases will receive information regarding the following:
  - Training available
  - Financial support
  - Preferential procurement
- 6.3. All responsible implementing stakeholders must ensure that the above-mentioned information is readily available on all local government office in the specific CRDP sites/projects.
- 6.4. All reasonable steps will be taken to ensure that the public's will is dealt with in the appropriate manner and in accordance with service delivery principles as specified in the *Batho Pele*.

## 7. UNIFORMITY AND APPLICATION

- 7.1. Government must do all that is reasonably possibly to ensure that all bidding documents to be utilised for CRDP projects are simplified and as user friendly as is reasonably possible and must ensure that all Stakeholders utilise the same standardised documents;
- 7.2. The bidding documents must include clear descriptions of all preferential procurement requirements e.g. specific local beneficiary requirement; basis for adjudication, etc.
- 7.3. **Service Level Agreement**
  - 7.3.1. All successful bidders must enter into a Service Level Agreement with the relevant implementing Stakeholder and the service level agreement must clearly indicate the following:
    - (a) Expected deliverables;
    - (b) Time frames for each deliverable;
    - (c) Quality Assurance procedures before payment for completion of each deliverable as per the project plan;

- (d) Procedures for submission of payment;
- (e) Time frames for processing of payment;
- (f) Obligations/Duties/responsibilities of each party must be clearly outlined in the service level agreement;
- (g) There must be a steering committee for each project that will be responsible for dealing with all issues relating to the project and also to enable reporting back to principals; and
- (h) Information on skills transfer and processes for ensuring such skills transfer.
- (i) Any other matter meritorious for inclusion in the service level agreement as informed by the nature of the contract/project.

## **8. DATABASE OF SUPPLIERS**

- 8.1. Each CRDP stakeholder implementing a project in the CRDP site must develop and maintain a database of local potential supplier in the specific CRDP site/project.
- 8.2. The database must be updated on a quarterly basis from the local potential supplier who submit the bids and from local commodity groups and relevant community structure or as and when a need for updating may arise.

## **9. PAYMENT CYCLES**

- 9.1. The payment cycle for each project shall be dependent on the completion of each phase as shall have been agreed in the service level agreement between the successful supplier and the implementing stakeholder.
- 9.2. Timeous processing of payments shall be dependent on timeous submission of invoices by the supplier.
- 9.3. For the purposes of this Policy, Implementing Stakeholders must ensure that payment is processed and finalised within fourteen (14) working days of receipt of the invoice from the supplier.

Where the 14 days payment period is not met, the supplier must be duly informed of same.

## 10. CONDITIONS OF CONTRACT

- 10.1 The general conditions of contract issued by National Treasury should always form part of the bid documents issued out to contractors
- 10.2 In addition, the government institution responsible for the project, should, as a special condition, prescribe that a minimum of 30% of material should be hired and/or procured from local.
- 10.3 In implementing the project in the CRDP sites 100% of labour will be procured locally.
- 10.4 Where an external service provider is appointed in a CRDP site, as a pre-condition there should be transfer of skills to the local partners.
- 10.5 It is only under exceptional circumstances that service providers/contractors referred to in 10.4 from outside the Province will be considered.
- 10.6 In implementing 10.4 and 10.5 proper application will be made to the Provincial Treasury for the use of external suppliers/contractors.
- 10.7 Each department will establish a data base of the skills transfer and skills transfer must form part of the contract and will be linked to the delivery and payment schedule

## 11 PREFERENTIAL PROCUREMENT SYSTEM

- 11.1 The preferential procurement system should be inline with the provisions of the preferential procurement policy framework act (act 5 of 2000) and its associated regulation.
- 11.2 The evaluation and adjudication processes on CRDP projects should be inline with the provisions of Preferential Procurement Policy framework act, its associated regulation and CIDB Prescripts.

## JOINT VENTURES

**Joint venture** means an association of persons for the purpose of combining their expertise, property, capital, effort, skills and knowledge in an activity for the execution of contracts.



Government institution should encourage joint ventures for projects designated for contraction with higher grades, inline with permutation as determined by the CIDB

## **12 MONITORING AND EVALUATION**

- 12.1 A monitoring and evaluation tool for measuring the effectiveness of this Policy shall be developed by the Provincial Treasury.
- 12.2 The Provincial CRDP Technical Committee will monitor the efficiency and effectiveness of the implementation of the policy by requesting quarterly reports from relevant Departments

## **13 RISK ASSESSMENT**

- 13.1. A risk assessment mechanism and criteria shall be developed by the government institution responsible for the project to assess risk associated with the particular contracts.
- 13.2. The Risk assessment mechanism shall be used
- 13.3. in the adjudication process to assess risks associated with a particular contract.

## **14. OTHER MECHANISM FOR IMPLEMENTATION OF THE CRDP POLICY**

- 14.1. The MPG will, as and when necessary appoint implementing Agents to render assistance in implementing CRDP project.
- 14.2. Such appointment should be inline with the provisions of the applicable legislative framework on SCM

## **15. REPORTING SYSTEM**

- 15.1. A system for ensuring that the Province is informed of all processes and progress in the implementation of the CRDP should be developed by the Provincial Treasury.



- 15.2. Such reporting as contemplated in 15.1 above should be done through the applicable reporting lines and in strict adherence as determine by Provincial Treasury.

## **16. CODE OF CONDUCT FOR ALL IMPLEMENTING STAKEHOLDERS**

- 16.1 All implementing stakeholders should subscribe to the provision of the Code of Conduct applicable to SCM Practitioners as issued by the Provincial Treasury.

## **17. LEGAL STATUS OF THIS POLICY**

This Policy shall serve as the CRDP implementing framework for the Mpumalanga Province and shall be applied and read with any other applicable legislative prescript on procurement.

## **18. REVIEW**

- 18.1. This policy will be reviewed on a continuous basis to ensure that it stays relevant to the achievement of the objectives.
- 18.2. The policy shall also be reviewed as and when a need arises or as informed by legislation.

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**THUS DONE AND APPROVED AT NELSPRUIT BY:**

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**DATE:** \_\_\_\_\_