



energy

Department:
Energy
REPUBLIC OF SOUTH AFRICA

GUIDELINES FOR THE IMPLEMENTATION OF THE INTEGRATED NATIONAL ELECTRIFICATION PROGRAMME (INEP) SOCIO-ECONOMIC KEY PERFORMANCE INDICATORS (KPI) FOR 2011/12 FINANCIAL YEAR.

INTRODUCTION

The energy sector has both economic and social functions. It has the potential to contribute to economic growth and employment creation, as well as to provide an important element of socio-economic well being to households. To ensure that this happens, it is significant to monitor and constantly evaluate the INEP to ensure that it complies with the policy/or legislative requirements of government. The INEP is allocated a budget that is not only aimed at addressing the challenges related to access to basic electricity services but also towards the socio-economic empowerment of the historically disadvantaged individuals and promoting BEE, SMME, BWO empowerment as set by *Broad-Based Black Economic Empowerment Act, No. 53 of 2003.*, at all levels of electrification industry so as to address government objectives including accelerated and shared growth initiatives. This commitment is not only aimed at empowerment in terms of employment opportunities, but also ownership at equity level.

Reporting of the socio-economic indicators should be done on a monthly basis and on the format that is prescribed by the Department of Energy. The reporting template has been attached to form part of the Memorandum of Agreement made and entered to by the Government of the Republic of South Africa (Represented by the Department of Energy) and the Municipality in respect of the funding and implementation of the Electrification Programme (INEP Implementation Contract) as stipulated in *Section 40 (4) (c) of PFMA*. Failure to report on all annexure provided by the department will result to withdrawal of allocations as stipulated in *Section 25 (1) of DoRA*.

PURPOSE

To provide guidance to electrification implementing entities in completing the socio-economic template so as to

- a) Ensure common understanding of the KPI's, which have been identified for the purpose of monitoring and evaluation of progress related to the INEP.
- b) Assist in the provision of required, accurate and updated statistics on socio-economic KPI's on monthly basis
- c) Enable the M&E division to measure the electrification socio-economic impact of INEP.

ELECTRIFICATION SOCIO-ECONOMIC INDICATORS

The indicators, which have not been captured on this framework, are fully extrapolated on the Guidelines for the Implementation of Labour Intensive Projects under the Expanded Public Works Programme (EPWP) from the Department of Public Works.

The Socio-Economic Indicators derive from the Labour – Intensive Infrastructure Projects that come into view as the result, of the direct funded electrification projects by the Department of Energy to Municipalities and Eskom

1. IMPLEMENTING AGENCIES

Implementing agencies: refers to Eskom and municipalities that received the funding from the Department of Energy to implement the electrification projects

The Department shall supply such information as may be required in terms of *Section 25 of DoRA* to the National Treasury, when required, as described in terms of *Section 40(4) (c) of PFMA*, such information having been provided to the Department by the implementing agencies within 10 days after the end of each month in accordance with *Section 27 (1) (b) of DoRA* as set out in reporting template.

Legislation

1. *Section 25 (1) of DoRA: “Allocation of any portion of such allocations will be withheld if municipalities do not comply with provisions of this act or condition to which allocation, as provided for in the relevant framework”.*

2. *Section 40(4) (c) of PFMA: “An Accounting Officer of a department must, within 15 days of each month submit to the relevant treasury and the executive authority responsible for that department”.*

- **1.1. Reporting month** – It is of importance for the municipality to report on monthly basis. Monthly reports help us to trace missing data and to validate the accuracy and the reliability of information .Consistency in reporting monthly is
- **1.2. Project name** – The name of the project undertaken by the municipality. If the municipality has more that one project, information on each project should be provided
- **1.3. Type of project** – Indicate the type of project, e.g. households, bulk infrastructure, schools and Farm Worker Houses.

2. FINANCIAL EXPENDITURE TO DATE

- **2.1. Transferred capital** – This is the money received from the Department to date. This seeks to know the total amount of money that was transferred to the municipality for the implementation of the project.

- **2.2. Actual expenditure**

Actual expenditure = the expenditure on the project by the contractor + the expenditure by the professional service provider appointed to design and supervise the project.

- **2.3. BEE, BWO and SMME Expenditure**

This seeks to know if there were any BEE, BWO or SMME utilised in the project and how much money was paid to them for their services. (See section 3 for Definitions).

50% of funds allocated to implementing agencies for electrification must be spent on BEE/SMME/BWO to promote them in the energy sector

- **2.4. Minimum daily wage**

The question seeks to find the minimum daily wage paid to employees working in projects. This question is guided by National Labour Bargain Council for Electricity Industry that classified municipalities into three groups: A', B and C: and the minimum wage for each municipality should pay under such groups.

Group A: A municipality that has exclusive municipal executive and legislative authority in its area

Group B: A municipality that shares municipal executive and legislative authority in its area with a category C municipality within whose area it falls

Group C: A municipality that has municipal executive and legislative authority in an area that includes more than one municipality

Minimum Daily Wage Rate = daily wage (whether task-rated or time-rated) per individual project. This wage rate must be inserted in the Project tender document as per the EPWP Guidelines.

The minimum wage rates have been determined in terms of the existing collective agreements by the Labour Bargaining Council for Electricity Industry. The minimum wage rate is reviewed annually and varies per magisterial district for workers in the electricity industry. The wage is drawn as follows:

| Areas | Employment Categories | Minimum Wage per Hour | Minimum Wage per day |
|---------------------------|-----------------------|-----------------------|----------------------|
| A = Metropolitan | General Worker | R 10.68 | R 85.44 |
| B = Local Munic | General Worker | R 9.42 | R 75.36 |
| C = District munic | General Worker | R 8.70 | R 69.60 |

3. COMPANY PROFILE

The following companies are defined according to the *Broad-Based Black Economic Empowerment Act, No. 53 of 2003*

3.1. Black Economic Empowerment (BEE) is an integrated and coherent socio-economic process, located in the context of the country's national transformation programme, the RDP. It is aimed at redressing the imbalances of the past by seeking to substantially and equitably transfer and confer the ownership, management and control of South Africa's financial and economic resources to the majority of its citizens. Lastly it seeks to ensure broader and meaningful participation in the economy by black people to achieve sustainable development and prosperity.

3.2. Black Women Owned Companies (BWO) At least 51% of the voting shares or interests are held and controlled by Black Women, and Black Women have contributed at least 51% of the required capital, and Black Women in the enterprise have not been given voting shares or interest just to capture or retain contracts, and Black Women participate in the day to day management and decision making of the enterprise. They have the aptitude and potential to understand all issues involved in the running of the enterprise including knowledge of the product and market within which their enterprise operates. In a joint venture, skill must be transferable to the Black Women entrepreneur, which means that the Black Women entrepreneur must have the required educational level and/or aptitude.

3.3 Small Micro Medium Enterprises (SMME's) are privately, independently or co-operatively owned and managed, and must comply with any two of the following quantitative criteria:

- Annual Turnover less than R40m.
- Total assets excluding fixed property must be less than R15m.
- Less than 200 full time employees.

4. LOCAL PEOPLE EMPLOYMENT DISTRIBUTION

Terms and conditions for the engagement of targeted local labour:

According to the *provisions of clause 3.3.2 of SANS 1914-5*, written contracts shall be entered into with targeted local labour.

4.1. The number of workers that fall within the following categories must be recorded:

- Youth (i.e. 18 – 35 years of age)
- Women
- People with disabilities

The definitions contained in the *Preferential Procurement Regulations of 2001* for these categories of beneficiaries will be utilized.

4.2. People with disabilities - According to *Employment Equity Act 55 of 1998*, disabled people are people who have a long term or recurring physical or mental impairment which substantially limits their prospects of entry into, or advancement in employment. Their employment status should also be addressed

4.3. Type of job - Should be specified for each respective employee. Examples: - Master installation electrician, Installation electrician, Electrician, artisan, Elconop, Storeman, Drivers, Electrical assistant, General worker, Excavator, Apprentice, CLO, Learnership and Other (Specify)

The national targets emanates from an analysis of the past trends on the implementation of the INEP. The INEP has to ensure that targets as indicated in the tables below are achieved. This will assist in determining whether the programme is viable or not and whether the approach followed in implementing it should be reviewed.

| INDICATOR | NATIONAL TARGET FIGURE | PERCENTAGE OF TOTAL NUMBER PEOPLE EMPLOYED |
|----------------------------|------------------------|--|
| Temporary Employment | 6, 336 | 90% |
| Permanent Employment | 1, 584 | 10% |
| Total | 7, 920 | 100% |
| Women Employment(36yrs+) | 2, 376 | 30% |
| Disabled Employed | 158 | 2% |
| Youth Employment(18-35yrs) | 3, 960 | 50% |
| Men Employment | 1, 426 | 18% |

5. TRAINING

Total Training-Days

A formal EPWP training course has been arranged by the Department of Labour. The number of training person-days attending this course or modules of this course must be captured.

For Other Training 1 training day = at least 7 hours of formal training.

The number of Training Person-days is the number of people who attended training multiplied by the number of days of training.

A distinction must be made between accredited and non-accredited training person-days.

5.1 Accredited training - This seeks to find out if there were people who went for training and received accredited certificates.

5.2. Non-accredited training - This seeks to find out the number of people who went for non accredited training. This will also includes the on-job training

5.3. Learnership is a learning programme that leads to an occupational qualification. Learneships includes classroom-based learning or graduates. The length of a learneships should not be more than a year.

Skills Transfer: Total number of learnerships, accredited training, non-accredited training and on job training. The national targets are as follows:

| INDICATOR | TARGET FIGURE | PERCENTILE RANK |
|----------------------|---------------|-----------------|
| Women | 360 | 30% |
| Disabled | 24 | 2% |
| Youth (18 to 35 yrs) | 600 | 50% |
| Men | 216 | 18% |
| Total | 1, 200 | 100% |

