

supervision of the Subcontractor by the Contractor.

1.16 SOCIO-ECONOMIC REQUIREMENTS

1.16.1 General

The Employer is committed to the stimulation and promotion of economic development in the Project area in a targeted and focused manner with respect to both individuals and business entities and those directly affected by the project. The Employer's objectives are in summary:

(a) Employment Objectives

- The creation of employment for targeted groups;
- Reducing the influx of migrant labour without compromising the construction process.

(b) Procurement Objectives

- The promotion of Joint Venture partnerships with Black Enterprises ;
- Preferential procurement of goods and services from Black Enterprises, Black Empowered Enterprises and SMMEs;
- Preferential participation of Local Enterprises, particularly those in the targeted groups.

1.16.2 Contract Target Percentages

In addition to the requirements of SC 1.11, the Contractor shall submit his Procurement Policy to the Employer for evaluation as part of his Tender. Upon acceptance of the Contractor's Procurement Policy, it will become part of the Conditions of Contract as stated in Tender Schedule N. Within 28 days after the Commencement Date and based on the Policy, the Contractor shall submit a comprehensive procurement method statement to the Engineer for approval. Such method statement shall be updated from time to time as appropriate in accordance with his Quality Management Procedures or as directed by the Engineer.

(a) Main Contractor in Joint Venture Agreement with Black Enterprise(s)

The level of continuous participation of Black Enterprise(s) as JV members for the duration of the contract shall be at least:

Black Enterprise membership percentage in Joint Venture $JV_{(min)}$ = 25%

(b) Employment Targets

The number of person-days employed from the following target groups expressed as a percentage of the total site staff person-days employed on the Contract (including Subcontractor's site staff but excluding head office staff), shall be at least:

Local Staff	$L_{(min)}$	= 45%
HDI's	$HDI_{(min)}$	= 75%

Employment of Local Staff should, as far as possible, be implemented by the Contractor in a balanced manner between the various local municipal areas.

(c) Procurement Targets

The value of goods and services (excluding VAT) procured from sources external to the JV Members from the following designated groups expressed as a percentage of the Procurement Target Amount shown in the Bill of Quantities shall be at least:

Black Enterprise	$BE_{(min)}$	= 10%
Black Empowered Enterprise	$BEE_{(min)}$	= 15%
Local Enterprise	$LE_{(min)}$	= 2.5%
SMME	$SMME_{(min)}$	= 7.5%

In respect of the above procurement targets only Black Enterprise and Black Empowered Enterprise are mutually exclusive.

overheads and profit in accordance with SC 1.15 of Section 1 of the Specifications. Unless otherwise agreed by the Engineer, the Contractor shall obtain a minimum of 3 quotations for each of the Provisional Sum items.

Where the Provisional Sum provides for high value goods, or for the supply of goods and services, including installation services, unless otherwise agreed by the Engineer, the following procurement procedure shall apply:

The Contractor and Engineer shall agree an appropriate shortlist of potential subcontractors or open tender as appropriate as well as appropriate preferential procurement strategy. The Contractor shall then compile and issue tender documents containing the same terms and conditions as the Contract Document, the relevant Engineer's Specification, and a comprehensive schedule of quantities (provided by the Engineer) and a schedule of equipment (where required). Immediately the tenders are returned completed, one identical copy of each of the tenders shall be submitted to the Engineer. The Contractor will undertake an evaluation of the prices submitted together with the company and experience data requested. On completion of this evaluation process the Contractor will submit the results thereof to the Engineer with a proposal for the appointment of one of the invited Subcontractors to undertake the Subcontract works.

Such appointment shall not be a nominated Subcontractor pursuant to Clause 5 of the Conditions of Contract but shall be in accordance with Clause 4.4 of the Conditions of Contract which, inter alia, requires the prior consent of the Engineer for the appointment of any Subcontractor not named within the Contract.

It is the Contractor's responsibility to ensure that such Subcontractors complete their work within the terms and conditions of the Contract and in particular to the requirements of the Contractor's latest agreed programme and to coordinate and make all necessary pro-active arrangements (including but not limited to physical, logistical, security, safety, environmental, financial and institutional arrangements) to facilitate Subcontractors meeting their obligations.

The percentage allowance on these Subcontractors shall be deemed to cover the assistance to, and supervision of the Subcontractor by the Contractor.

1.16 SOCIO-ECONOMIC OBJECTIVES

1.16.1 General

(a) Employment Objectives

- The creation of employment for targeted groups;
- Reducing the influx of migrant labour without compromising the construction process.

(b) Procurement Objectives

- The promotion of Joint Venture partnerships with Black Enterprises;
- Preferential procurement of goods and services from Black Enterprises, Black Empowered Enterprises and SMMEs;
- Preferential participation of Local Enterprises, particularly those in the targeted groups.

1.16.2 Contract Target Percentages

In addition to the requirements of SC 1.11, the Contractor shall submit his Procurement Policy to the Employer for evaluation as part of his Tender. Upon acceptance of the Contractor's Procurement Policy, it will become part of the Conditions of Contract as stated in Tender Schedule N. Within 28 days after the Commencement Date and based on the Policy, the Contractor shall submit a comprehensive procurement method statement to the Engineer for approval. Such method statement shall be updated from time to time as appropriate in accordance with his Quality Management Procedures or as directed by the Engineer.

(a) Main Contractor in Joint Venture Agreement with Black Enterprises

The level of continuous participation of Black Enterprise(s) as JV members through equity ownership in the JV throughout the duration of the contract shall be at least:

Black Enterprise membership percentage in Joint Venture JV_(min) = 25%

(b) Employment Targets

The number of person-days employed from the following designated groups expressed as a percentage of the total staff person-days employed on the Contract (including Subcontractor's site staff but excluding head office staff), shall be at least:

Local	L _(min)	= 40%
HDI's	HDI _(min)	= 75%

Employment of Local Staff should, as far as possible, be implemented by the Contractor in a balanced manner between the various local municipal areas.

(c) Procurement Targets

The value of goods and services (excluding VAT) procured from sources external to the JV Members from the following designated groups expressed as a percentage of the Procurement Target Amount shown in the Bill of Quantities shall be at least:

Black Enterprise	BE _(min)	= 10%
Black Empowered Enterprise	BEE _(min)	= 15%
Local Enterprise (Dipaleseng, Govan Mbeki, Lekwa and Mid-Vaal Local Municipal areas)	LE _(min)	= 2.5%
SMME	SMME _(min)	= 7.5%

In respect of the above procurement targets only Black Enterprise and Black Empowered Enterprise are mutually exclusive.

1.16.3 Performance Monitoring: Achievement of Target Percentages

Upon commencement of the Contract, a Performance Monitoring System will be implemented by the Engineer to monitor the Contractor's compliance with the Contract Target Percentages.

1.16.3.1 Monitoring of Joint Venture Participation

The Contractor should note that the Joint Venture Agreement must remain effective for the duration of the Contract. Should the percentage participation of the Black Enterprise component of the Joint Venture Agreement require change during the course of the Contract, the following criteria will apply:

The specific minimum target percentage stated above shall be maintained (or increased in favour of the Black Enterprise Member) for the duration of the Contract Period. A decrease in the target participation percentage by the Black Enterprise Member will not be accepted by the Employer under any circumstances.

Should the Contractor wish to change the equity ownership percentages of the Joint Venture (as allowed for in the above paragraph), the Employer must be informed of the intent to do so as well as the possible impact it would have on the Contract. The prior written agreement of the Employer to the intended change must be obtained. The Employer retains the right to refuse a proposed change in the Equity Ownership of the Joint Venture Agreement.

1.16.3.2 Monitoring Employment Target Percentages

For interim monitoring the Contractor shall submit to the Engineer within 7 days of the end of each month, throughout the duration of the Contract, a schedule of total person-hours for each designated group, total staff and workforce person-hours (including Subcontractors) and the relative percentages for each calendar month and on an accumulative basis for the preceding months. At the end of each consecutive six month period, starting from the Commencement Date, the schedules from the previous six months shall be audited (by an independent external auditor appointed by the Contractor) and the audit statement issued to the Engineer within 30 days of the end of the six month period.

Within 30 days of the issue the Taking-Over Certificate for the whole of the Works an audited statement verifying the total accumulative person-hours from Commencement Date up to the issue of the Taking-Over