

Good afternoon Dumisile,

Thank you for taking the time to answer my first set of background questions. As I mentioned earlier, here are my follow-up questions regarding two tenders advertised last year: SASSA 21/19/GA/WC and SASSA:08/19/GA.

Kindly acknowledge receipt of this email, and please respond by the close of the business day on Thursday, 28 May.

On 20 September 2019, SASSA invited services providers in the Western Cape to attend a briefing session for the supply of social relief in disaster (SRDs) packages in the province.

A government gazette on 31 January 2020, announced the appointment of service providers which would supply and offer immediate social relief for three years in the province in disaster situations (SASSA 21/19/GA/WC). The four service providers appointed were: Malakhiwe Akahlulwa Onwaba (pty) Ltd, Qondani Manxele Holdings (Pty) Ltd, Gwenzido Signs (Pty) Ltd, Mandlakomoya Trading and Projects.

However, in a separate tender process in January, SASSA appointed four different service providers to provide social relief in the Western Cape Province (SASSA:08/19/GA).

### **Western Cape SRDs**

#### **1. Why did SASSA run two separate bids for the Western Cape?**

You were advised in our previous response to your last question in the first set of questions; that there are two types of SRD that we provide, namely for disaster management and for those whose applications for social grants have been approved, but they are in need of immediate relief whilst waiting for the payment of the grant, breadwinner of that household has been found medical unfit to undertake remunerative work, breadwinner of household is deceased and application is made within 12 months of the date of death, breadwinner of that household has been admitted to a public or private institution for a period of at least one month, refusal of the application for social relief of distress will cause undue hardship. Further note that the WC bid was specifically for the WC and for disaster management purposes. Please further note that the bid was not meant to contract the service providers, but to accredit them for the Region to use them as and when need arises. The bid that was supposed to be awarded in January 2020 was for six regions (provinces) namely: Limpopo, KwaZulu-Natal, Mpumalanga, Eastern Cape, Gauteng and Western Cape which did not have any running contract in place and was for normal SRD (immediate relief for qualifying grant beneficiaries). Northern Cape, Free State and North West Cape had running contracts. The service providers for the six regions were only finalized during March and April 2020 for the period ending 30 June 2020 as this was a temporary arrangement.

#### **2. Why has SASSA not approached the service providers from the earlier bid to support the delivery of SRDs?**

Please refer to my response to one of your previous questions. I advised that National Treasury advised SASSA in its letter to SASSA after giving extension to the then running contracts that it was not going to consider or grant any further extension on those contracts, hence SASSA had to request approval to source quotes from new service providers. Thus the contracts expired at the end of the stipulated periods so SASSA was left with no valid contracts.

## 2016 SRDs

1. AmaBhungane is aware that the 2016 service providers approached SASSA regarding their concerns over the January procurement deviation and SASSA's non-cancellation of the 2016 SLAs. SASSA had from August 2019 to January 2020 to cancel its agreements with the service providers but did not give any of the service providers a 30-day notice - leaving some of the service providers in the dark regarding the award of the closed January procurement process. All the service providers complained of warehouses full of unutilised food. The country currently faces a hunger crisis along with the coronavirus pandemic. Why had SASSA not notified the 2016 service providers with a 30-day notice that the agency would not be using their services after December 2019 as per the Service Agreement?

SASSA does not give notice (it has no obligation to) in instances where contracts run for the entire contract period till its expiry date, but will only give notice where it intends to terminate the contract prior to its expiry date. SASSA, has not terminated any contract with any service provider in this regard. A contractual relationship automatically ends at the end of the stipulated contract or it can be terminated before the expiry of the contracts if such reasons arise. In this case the contracts expired (reached end of contract period). The contracts signed with each service provider had a start and end date so every service provider knew when its contract with SASSA will end. When the contract was extended after approval was granted by National Treasury a letter of extension was written to each of them and in the same letter the period of extension was indicated so that each service provider know when the contract will end.

2. Is SASSA planning on using service providers from the 2016 procurement process to provide SRDs during the pandemic?

No, there will be no legal basis for SASSA to do that, unless SASSA advertises a tender and they participate successfully in that tender process. SASSA contract with those service providers expired or reached the end date. SASSA has no valid contract with any of those service providers.

3. AmaBhungane is aware that SASSA had not visited the warehouses of the service providers responding to the bid before the cancelled bid adjudication in August 2019. Do you deny this claim? If so, please respond with an explanation.

SASSA is not aware of a tender that was cancelled in August, however Site inspection/visiting the storages is part of the Bid Evaluation process if it is incorporated into the bid specification or Terms of Reference. The evaluation and visiting of sites are part of the evaluation process and the evaluation criteria set out in any bid documents guides the evaluation process.

4. SASSA handed out 443 687 SRDs in 2018. Now in a time of the coronavirus pandemic, how many SRDs have SASSA handed out to date? Does SASSA typically issue out one SRD package per family per month?

87 695 food parcels issued. SASSA issue a food parcel to

- any person who has applied and qualifies: for those whose applications for social grants have been approved, but they are in need of immediate relief whilst waiting for the payment of the grant,
- breadwinner of that household has been found medical unfit to undertake remunerative work,
- breadwinner of household is deceased and application is made within 12 months of the date of death,
- breadwinner of that household has been admitted to a public or private institution for a period of at least one month ,
- refusal of the application for social relief of distress will cause undue hardship.
- The applicant has been affected by a disaster as defined in the Disaster Management Act or the Fund Raising Act, 1978

5. In a parliamentary presentation in April, SASSA explained it planned to deliver 250 000 SRD awards per annum over the next five years. However, in light of SASSA's 2018 annual report, where the agency noted the award of 443 687 SRDs, are there conversations to increase the number of SRDs awarded each year for the next five years in light of the economic impact of the coronavirus pandemic? The above question is in light of a statistic reported in the [Citizen newspaper on 25 May 2020](#) where the SASSA branch in Limpopo reported to have delivered 54 253 SRDs but had received requests from 104 182 people - 41% of the national quota of 250 000.

Issuing of food parcels is dependent on the budget and applicants meeting the eligibility criteria. The allocated budget for the 2020/21 is R407 million and the Agency can only provide assistance limited to available budget allocation.

6. From conversations with service providers and distributors, there is a sentiment that SASSA's system of relying on organisations with warehouses and trucks to supply SRDs

has hurt the development of smaller suppliers who would have provided SRDs for their community from local food distributors such as Spar. Would SASSA explain its decision to focus on larger suppliers versus smaller suppliers?

SASSA appoints bidders who meet the bid requirements. In terms of the warehouse and delivery vehicles, the requirements accommodate everyone: SASSA requests proof of ownership or proof of rental or letter of intent to rent such. The allocated score is the same for the above. These requirements are necessary to provide this service as food parcels will need to be packaged and transported to various locations where applicants reside.

The next set of questions are based on **SASSA's earlier responses** from 21 May.

1. SASSA explained it cancelled the 2019 tender (SASSA:08/19/GA) following the identification of a technicality encroaching on the 'fairness principle'. When did SASSA become aware of the problem?

A response to this question was given in our previous responses as well. This was detected by the Bid Adjudication Committee (BAC), when the Bid Evaluation Committee presented its report to it.

2. Who brought the issue to SASSA's attention and made the decision about cancelling the procurement process for SASSA:08/19/GA?

This was responded to in your initial set of questions.

3. On what date was this decision taken?

5 December 2019.

4. Can SASSA explain what happened during bid adjudication that led to the encroachment of this principle?

This did not happen during adjudication, but during evaluation process, but picked up during the adjudication process. Prospective bidders were not given reasonable time to respond to the request to extend the validity period of the bid, resulting with other bidders not having seen the emails to respond before the expiry date of the validity of the tender. Note that once the validity period of the bid has expired, the bid is automatically nullified. It becomes necessary that all participants accept to extend its validity period before it expires. SASSA requested National Treasury's guidance on the process followed to extend the bid validity period, the response was that prospective bidders were not given reasonable time to respond to the request to extend the validity period therefore SASSA must cancel and re-invite the tender. SASSA had to comply with this requirement.

5. SASSA said it considered companies that passed functionality on the cancelled bid for the bid in January. However, SASSA selected only two companies from the 2016 SASSA

contract to provide SRDs in 2020 - even though all the 2016 bidders had expressed interest. What led SASSA to select only two companies from the initial ten?

Companies need to compete in terms of functionality and in terms of price. The functional part of the tender has both administrative, and technical components. Any qualifying bidder needs to meet qualifying functionality percentage + submission of all applicable documents + best price + BEE level). That was the consideration. Any company responding to an RFP submit its proposal and is expected to meet the special conditions, administrative compliance and functionality criteria set for that bid including any prequalification criteria. The evaluation committee evaluates bids based on the evaluation criteria set out for that bid, they do not evaluate bids based on previous bids awarded.