



national treasury

Department:
National Treasury
REPUBLIC OF SOUTH AFRICA

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Ms. Priya Lutchman
Chief Financial Officer
National Treasury
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Dear Ms. Priya Lutchman

EXTENSION OF CONTRACT IN EXCESS OF THE 15% THRESHOLD WITH THREE (3) SERVICE PROVIDERS

1. The Chief Directorate SCM: Governance, Monitoring and Compliance acknowledges receipt of your letter dated 28 October 2021.
2. The Office of the Chief Financial Officer is requesting approval to extend the contract with three (3) Service Providers (Doors Opened HR Solutions, Suzette Pretorius and Mzuzu Group) for the implementation of City Support programme phase 2 to support implementation of the Cities Support Programme Phase 2 for a period of 24 months. The initial contract was awarded the service providers for a period of three (3) years commencing from February 2019 till March 2021 at a total value of R47.3 million. The new extension is for a period of two (2) years at a total value of R21 778 337.52 at a variation of 33% against the original contract value.
3. The request to extend the contracts was recommended by the Chief Financial Officer on 06 October 2021.
4. The reasons provided for the extension of contract are that the Director General approved a second phase of the Cities Support Programme on 11 April 2018. The second phase CSP was approved as a five years programme, however the DG only approved contracting for the first three (3) years of the Programme. The contracting for latter two outer years of the programme would only be initiated on condition of the DG's approval on the progress of the programme.

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5. The reasons provided for contract extensions are justifiable, because of the option on the contract to extend the contract by a further 24 months based on progress made, and the approval by the Director General dated 29/07/2021 on the progress update on the implementation of the second phase of the City Support Programme.
6. National Treasury supports the request to extend this contract.
7. The Department has an obligation to ensure that any contract for goods and services is in accordance with a system of procurement which is fair, equitable, transparent, competitive and cost effective.
8. This award must be published on e-tender portal.

Kind regards,

MR. MOLEFE-ISAAC FANI
ACTING CHIEF PROCUREMENT OFFICER
DATE: