

**SOCIAL IMPACT ASSESSMENT FOR ESKOM'S PROPOSED OCGT
POWER PLANT DEVELOPMENT IN MOSSEL BAY**

DRAFT

Prepared by: Liezl Coetzee

For: Ninham Shand

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EXECUTIVE SUMMARY

Introduction

In 2005, Eskom commissioned an Environmental Impact Assessment (EIA) process for an Open Cycle Gas Turbine (OCGT) power plant adjacent to the PetroSA facility in Mossel Bay. The EIA was completed late in 2005 and a positive Record of Decision was issued by the Department of Environmental Affairs and Development Planning (DEA&DP) in December 2005. In March 2007 it was established that the annual electricity growth rate was almost double of what was initially estimated. In order to meet the higher growth rate, Eskom is proposing to upgrade the OCGT power plant (which is currently under construction) by adding three additional OCGT generating units immediately adjacent to it. In terms of the National Environmental Management Act (NEMA) (No. 107 of 1998), Eskom has appointed Ninham Shand Consulting Services to undertake this EIA for the proposed three additional OCGT units and any additional supporting infrastructure.

Ninham Shand appointed a social scientist Liezl Coetzee to undertake a specialist social assessment as part of the EIA. An issue that emerged during public participation is that the means of managing work seekers, skills transfer and commercial expectations established for the approved OCGT power plant is no longer functional. In addition to the social impact assessment, it was requested that the social scientist investigate this matter and provide a possible plan of action for improving the stakeholder consultation process.

The Social Assessment was conducted through a combination of a desk study in which available information was reviewed, and consultation with key stakeholders to establish an understanding of the stakeholder consultation process.

Summary of significant socio-economic indicators

Institutional and Leadership Context (3.1)

- The lack of effective institutional leadership, and disputes concerning legitimacy of a number of community and business organisations who claim to represent the broader interests of the Kwa Nonqaba and surrounding communities should be considered when engaging in consultation with these representative structures.

Population Size (3.2.1)

- Former Ward 11, reflecting the population within immediate proximity of the proposed Development, and including the neighbourhoods of KwaNonqaba and Jo Slovo as well as Dana Bay was comprised of approximately 46% Coloureds, 44% Whites, and 11% Black Africans in 2001. The African population showed significantly faster growth than other groups between 1996 and 2001 and can thus be expected to have increased proportionally since the last Census.
- Subsequent indicators indicate vast disparities between population groups in Mossel Bay in general, indicating the population surrounding the site to be characterised by high levels of inequality.

Age distribution (3.2.2)

- While the African population predominantly youthful, indicating rapid future growth, the White population is older, indicating slower growth into the future. This has important implications for social capital and cohesion, as the fastest growing sector of the population is also that characterised by the most severe shortages as shown in a range of socio-economic variables.
- The high percentage of the African population in the age-group 15-34, which may be regarded as the youthful potential labour force, emphasises the need for employment opportunities for this group.

Language (3.2.3)

- Although Afrikaans most commonly spoken language in the province and region, it is only spoken by 6% of the African population, 88% of whom are isiXhosa speakers.

Education (3.3)

- Although levels of education in the Western Cape province as well as in Eden District and Mossel Bay are generally higher than national averages, great discrepancies exist between different population groups, with a greater percentage of the African and Coloured population having received no schooling, while the Indian and White groups have significantly higher percentages having attained tertiary or higher education.
- In contrast to levels of education attained, the percentage of persons aged 15-24 not attending any educational institute is significantly higher in the Western Cape than Nationally, with the percentage attending school correspondingly much lower provincially than for South Africa as a whole. The Eden District and Mossel Bay region correspond closer to national levels although the percentage not attending any educational institution is still somewhat higher, and school attendance lower than nationally. School attendance is roughly similar between different population groups although slightly higher amongst Whites and Africans. It is important to note that, although actual attendance may be similar, the standard of schools and consequently the quality of education available for different groups continues to sharpen disparities in actual educational attainment.

Employment and Income (3.4)

- The disparity between population groups is particularly stark with relation to employment status, with the African population having more than double the percentage of unemployed persons (31%) than the Coloured group (14%), which itself is over three times higher than the corresponding percentage amongst Whites (4%).
- The construction sector in Mossel Bay is responsible for a greater share of employment (14%) than elsewhere in the district (11%), province (7%), or country (5%). This sector is furthermore the one responsible for the greatest share of employment amongst the African population, a quarter of whom were employed in it

according to the 2001 Census. The great emphasis placed by community stakeholders on the potential for local job creation presented by the Development during the construction phase needs to be understood in this context, in which this is the sector in which the greatest percentage of Africans in the region have some levels of skills and experience. This availability of potential local skills and experience in construction indicated by the socio-economic profile is crucial to consider in emphasising the importance of using local labour and, where possible, also suppliers and contractors.

- While a third of workers in Mossel Bay were involved in elementary occupations in 2001, a further 15% had skills in crafts and related trades. Disparities are again great between population groups, with 42% of Africans and 41% of Coloureds in elementary occupations, compared to only 4% of Whites. Corresponding percentages for craft and trade are 22% of Africans, 16% of Coloureds, and 9% of Whites. The availability of potential skills that may be utilised during the construction of Phase 2 of the OCGT plant must again be stressed, and every effort made to use such skills where available, and work to further develop the local skills base amongst the fastest growing African, as well as the Coloured populations.
- Income levels vary sharply between different population groups, with 78% of the African and 75% of the Coloured population earning an average individual income of less than R1 600 per month, compared to only 18% of both the White and Indian populations. Ten percent of households in Mossel Bay reported 'no annual income' in the 2001 census.

Housing, services and infrastructure (3.5)

- Although almost three quarters of households in Mossel Bay resided in a 'house or brick structure on a separate stand' in 2001, this was only true for about half of the African population. A third of this group reside in 'informal dwellings in informal settlements, noting the prevalence of such settlements, which have continued to grow in years since the census. This is particularly relevant to consider with respect to the development's potential to attract both labourers and job-seekers to the area, which could place further strain on existing townships' housing, infrastructure and services.
- While the 91% of households in Mossel Bay appear to have access to electricity, indicating this as their primary source of energy for lighting, alternative sources more commonly used for cooking and heating, probably due to financial constraints. These sources include paraffin (most common amongst Africans residing in townships) and wood (most common amongst Coloureds residing on farms).
- Access to transport and communications infrastructure is relevant to consider as this impacts on access to potential employment and business opportunities. In both cases again disparities are vast.
 - Over half the African and Coloured populations travel mainly 'on foot', followed by smaller percentages travelling as in cars passengers or use public transport. By contrast 77% of the White population travel by car either as driver or passenger.

- More than half of the African and 40% of the Coloured population rely on access to a public telephone nearby, while 96% of the White population have telephones either in their dwellings or cell phones, or both (47%).

Impact Assessment

Potential positive impacts the proposed development could have on the social fabric of the local as well as regional and national social environment include provision of electricity, possible contribution to broad based black economic empowerment through employment creation, business opportunities and skills development, as well as possible benefits that could be attained through Eskom’s Corporate Social Investment (CSI) initiatives, implemented through the Eskom Development Foundation (ESDEF).

Negative impacts the proposed development could have on the social environment of particularly the low-income communities immediately adjacent to it, which can be described as the host communities for the development, are discussed below. These include impacts that could result from an influx of labourers from other areas coming to reside in KwaNonqaba and surrounding areas, as well as an increase in more general in-migration to the area caused by the perception (if not reality) of job opportunities. This relates to the possibility of raised expectations amongst the local population as well as others choosing to migrate to the area with regards to possibilities of employment. Perhaps the most significant negative social impact relates to various types of social conflict that has already been seen to result from Phase 1 and which could escalate in Phase 2 if problem issues are not adequately addressed.

Summary of Mitigation

Table 1 below provides a summary of positive and negative social impacts, noting measures whereby positive impacts may be maximised and negative impacts avoided or ameliorated through appropriate mitigation.

Table 1: Summary of Impacts and Management Measures

Impacts:	Proposed Mitigation
Positive Impacts	
Provision of Electricity (4.2.1)	<ul style="list-style-type: none"> • Ensure the timeous and efficient erection of the required plants to provide the required capacity of electricity to meet rapidly rising peak flow demand.
Employment Creation (4.2.2)	<ul style="list-style-type: none"> • Identify types and levels of employment that the Development could offer • Appoint a local labour broker, to be identified in consultation with local community stakeholders. • Assist community stakeholders with the compilation of a local jobseeker's database and skills audit. Refer contractors to database when sourcing local labour. • Identify targets for BEE & local employment. Criteria for 'local' to be agreed in consultation with local community stakeholders • Identify mechanisms to enable access to positions for local residents • Reserve percentage of higher level positions for local employment • Skills training to be undertaken where viable to facilitate employment.

Impacts:	Proposed Mitigation
	<p>(See Skills Development)</p> <ul style="list-style-type: none"> • Location of appropriate transport providers who would be available to assist contractors in transporting workers from these sites • Younger people tend to have higher levels of education and may stand in line for higher levels of employment. Opportunities for the employment of younger people should be maximized • Investigate opportunities to maximise employment of women.
<p>Business opportunities (4.2.3)</p>	<ul style="list-style-type: none"> • Open tender processes – improved communication of tender opportunities • Expedite process of registering local service providers on Eskom's procurement database • Provide information regarding the types of business opportunities and economic spin-offs that may arise from the proposed development • Identify targets for BEE & local procurement. Criteria for 'local' to be agreed in consultation with local community stakeholders • Include basic business and entrepreneurial skills as part of a skills development component of the development. • Participatory workshops in which interested members of local communities can be guided with regards to types of business opportunities that could arise. • Investigate ways of enabling potential subcontractors from low-income areas to tender. • Setting up linkages for small business loans, as well as small business skills training. In this regard the role of partnerships with other role-players who could assist in these matters, discussed in Section 5.2.4 should be considered. • Identify institutions that could assist with provision of support to small businesses, including the possible identification of agencies that could assist with the provision of seed finance and entrepreneurial counselling.
<p>Skills development/ transfer (4.2.4)</p>	<ul style="list-style-type: none"> • Provide an indication of skills requirements for the Proposed Development. To include Construction as well as long-term Operational phase employment and skills requirements. • Skills audit should to be conducted in local communities, including KwaNonqaba, Jo Slovo, Asla, D'Almeida. While Eskom has indicated that it would not conduct a full skills audit, it has requested community leaders to assist in compiling a database of local skills. This process has been initiated by KWARA. The database thus obtained could be used to assess local skills levels to identify potential areas in which skills development programmes could be undertaken. • Identify specific focus areas for targeted intervention based on identification of skills requirements and existing skills within local communities • Appoint appropriate service provides to design skills development programmes and conduct necessary training. • Recognition for Prior Learning (RPL) – assess existing skills and provide qualifications as appropriate. • Liaise closely with community and business representatives with regards

Impacts:	Proposed Mitigation
	<p>to targeting of employment as well as skills development initiatives.</p> <ul style="list-style-type: none"> • Consider involvement of suitable candidates in project management activities in a process of skills transfer and mentorship.
<p>Corporate Social Investment (CSI) (4.2.5)</p>	<ul style="list-style-type: none"> • Ensure appropriate communication channels to disseminate information about the types of assistance available through ESDEF. • Eskom to take a pro-active stance in assisting community members to take advantage of its assistance through effective consultation with stakeholders on opportunities for assistance and how to access it.
Negative Impacts:	
<p>Influx of labourers (4.3.1)</p>	<ul style="list-style-type: none"> • Ensure that no workers' quarters should be allowed for the Development. • Strategies to maximise local employment, which can in turn minimize the potential for an influx of labourers as well as job seekers to the area as a result of the development, can include the following:¹ <ul style="list-style-type: none"> ○ Identify in the environmental management plan and the tender documents the percentage of local labour that should be employed. ○ Identify which areas are considered to be "local". ○ Skills audits to be conducted in local communities – KWARA has already initiated this process. ○ A local labour broker can be appointed (in consultation with local community stakeholders) to assist contractors in finding appropriately skilled local labour. ○ An environmental monitor should be appointed to ensure that only local labour is used. Local labour brokers and councillors can act as additional watchdogs to inform the monitor of breach of contract. ○ If the contractor does not adhere to the local labour agreement, the monitor reports the contractor to the Local Authority, which then terminates all building action until the situation has been rectified.
<p>Influx of job seekers (4.3.2)</p>	<ul style="list-style-type: none"> • Maximise local employment according to strategies outlined above, ensuring appropriate criteria to determine 'local' (see mitigation for influx of labourers in 4.3.1 above.)
<p>Social Conflict (4.3.3)</p>	<ul style="list-style-type: none"> • Emphasise local job creation (4.2.2), business opportunities (4.2.3), skills development (4.2.4), and social investment (4.2.5). • Optimising benefits to the local community, in terms of the above. • Ensure inclusive consultation with a broad range of community stakeholders and representatives. • Ensure appropriate methods of communication to reach all potential stakeholders, taking into consideration factors of language, lack of access to transport and communications infrastructure, and general exclusion

¹ Adapted from strategies proposed by Shakti Malan (2004) to minimise the impact of in-migration through maximisation of local employment in a Social Impact Assessment for the proposed Lakes Eco & Golf Reserve development in Swartvlei. Some of these strategies have been used by with some success by Hilland Associates in ensuring local employment creation in the Oubai and Kraaibosch golf estate developments

Impacts:	Proposed Mitigation
	<p>from access to information of local host communities.</p> <ul style="list-style-type: none"> • Transparency in consultation with community stakeholders, ensuring resolutions taken at meetings are turned to action, and that issues are timeously addressed and dealt with. • Appoint a Stakeholder Liaison Facilitator as assistant to the Project Manager on site (see Section 5.2.3).

Impact Rating Summary

Table 2 below provides a summary of impacts according to ratings.

The most significant positive social impact of the proposed development will be provision of electricity for the broader South African population, in line with Eskom’s core purpose.

While positive impacts related to the potential for employment creation, business opportunities, and skills development are limited in extent and duration, and rate low on the significance scale used in the quantification of impacts, the real significance of these potential impacts must be considered in the context of the receiving social environment, where the need for these impacts increases their relative significance to the local population. The sensitivity of these issues mean that, if not appropriately addressed to ensure measures to maximise local employment, as well as mechanisms to effectively communicate with community stakeholders about these issues, the severity of the potential negative impact of social conflict can be significantly increased. In turn mitigation for such potential conflict includes paying particular attention to adequately manage these potential positive impacts.

Another area in which Eskom’s presence could positively impact on local communities is through its Corporate Social Investment (CSI) practices, implemented by the Eskom Development Foundation (ESDEF). Again the potential benefits of this impact can be maximised through appropriate consultation with community role-players to ensure the local population is aware of opportunities provided by ESDEF, and know how to apply for assistance.

Negative impacts relate to a potential influx of workers as well as job-seekers to the area, and an escalation of social conflict in what already appears to be divided local communities where competition for scarce resources leads to disputes amongst different groupings. These impacts can all be addressed with measures to visibly ensure maximisation of local benefit, which in turn requires appropriate consultation with local community stakeholder groups.

Table 2: Summary of Impact Ratings²

Impact:	Mitigation	Significance	Status	Confidence
Positive Impacts				
Provision of Electricity (4.2.1)	Without mitigation	Very High	+ive	Low
	With mitigation	N/A	N/A	N/A
Employment Creation (4.2.2)	Without mitigation	Very Low	+ive	Low
	With mitigation	Low	+ive	Low
Business opportunities (4.2.3)	Without mitigation	Very Low	+ive	Low
	With mitigation	Low	+ive	Low
Skills development/ transfer (4.2.4)	Without mitigation	Insignificant	+ive	Low
	With mitigation	Low	+ive	Low
Corporate Social Responsibility (4.2.5)	Without mitigation	Insignificant	+ive	Low
	With mitigation	Medium	+ive	Low
Negative Impacts				
Influx of labourers (4.3.1)	Without mitigation	High	-ive	Low
	With mitigation	Insignificant	-ive	Low
Influx of job seekers (4.3.2)	Without mitigation	High	-ive4.3.2	Low
	With mitigation	Insignificant	-ive	Low
Social Conflict (4.3.3)	Without mitigation	High	-ive4.3.3	Low
	With mitigation	Insignificant	-ive	Low

Assessment of Stakeholder Consultation Process

The consultation process between Eskom and local stakeholders regarding the first, and now the proposed second phase of the OCGT Project is summarised in **Annex 1**. This process has undergone various transformations since its initiation as part of the EIA Public Participation process for Phase 1 of the OCGT Development. The initial approach following the EIA was to task the Project Management Office with the responsibility of overseeing matters relating to community liaison pertaining to employment and procurement and other issues. This resulted in a straining of relations between the project management team and local stakeholders due to a combination of differing priorities and a history of racial tension and

² Note that the level of confidence in ratings is indicated as 'low' for all impacts, as the scope of the assessment did not allow for sufficient consultation processes to assess potential impacts identified. While types of impacts that may be expected could be deduced from this level of assessment, quantification of the intensity and consequently the significance these impacts, and the extent to which they may be effectively managed or mitigated, based on a rating system (see **Annex 3**) can only be approximated with a low degree of confidence.

distrust. An attempt was made to address stakeholders' issues through the Environmental Liaison Committee (ELC), which was established as a requirement of the Record of Decision (ROD) for Phase 1. The types of issues relevant to stakeholders from KwaNongqaba and surrounding communities were however found to diverge from matters dealt with by the ELC, and an alternative forum was agreed on to address these concerns.

A Stakeholder Advisor, based at Megawatt Park was appointed to facilitate consultation with local community stakeholders in the form of a Stakeholder's Forum, the Terms of Reference of which is in the process of being developed. While a degree of trust has been re-established through the involvement of the stakeholder advisor and other key management representatives, the issue of local accountability remains unaddressed, leading to continued distrust and strained relations at local level.

To address issues of concern pertaining to the emerging stakeholder's forum and consultation process this report makes a number of suggestions pertaining to i) ongoing consultation of the Stakeholder's Forum, including finalisation of the Terms of Reference and appropriate composition; ii) the need for transparency in reporting and monitoring of project activities, and regular feedback to stakeholders; iii) appointment of a local Stakeholder Liaison facilitator to assist the Project Manager in matters pertaining to consultation with local stakeholders, and iii) the need for partnerships to be established with other organisations and businesses in the area to most effectively address socio-economic needs in local communities through a combined approach to social investment.

Conclusion

While primarily intended to provide electricity for the broader South African population, the OCGT Project can have a number of unintended social impacts on the local communities in which it is situated. In addition to provision of electricity to the nation, potential positive impacts on local communities include job creation, business opportunities and skills development. Although limited in extent, when considered in the local context of gaping disparities and dire needs, these impacts increase in sensitivity and significance. Every effort should thus be made to maximise the potential benefits of these impacts through an emphasis on local involvement. Failure to adequately address these issues will increase the significance of converse negative impacts, related to an influx of labourers and job-seekers to the area, placing additional pressure on already scarce resources, and heightening social conflict in an already divided community and between the local communities and Eskom. In addition to the project related impacts noted, Eskom's involvement in the area through its commitment to Corporate Social Investment (CSI), implemented through the Eskom Development Foundation (ESDEF) can make an important contribution to the local social environment.

Appropriate consultation between Eskom and local communities is essential for management of both positive and negative impacts. A Stakeholder's Forum has been established to address concerns raised regarding such consultation during the construction of OCGT 1. Although some issues unresolved it is hoped that these will be addressed as part of ongoing consultation with this forum.

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List of Acronyms

ASGI-SA:	Accelerated Shared Growth Initiative of South Africa
BEE:	Black Economic Empowerment
BEF	Black Empowerment Forum
BWO:	Black Woman’s Organisation
CLC	Community Liaison Committee
CSI:	Corporate Social Investment
DEA&DP:	Department of Environmental Affairs and Development Planning
DPE:	Department of Public Enterprises
EIA:	Environmental Impact Assessment
ELC	Environmental Liaison committee
ESDEF:	Eskom Social Development Forum
I&APs:	Interested and Affected Parties
IDP:	Integrated Development Plan
IDZ	Industrial Development Zone
KWARA:	KwaNonqaba Residents’ Association
LED:	Local Economic Development
NAFCOC	National African Federated Chamber of Commerce and Industry
NEMA:	National Environmental Management Act
OCGT:	Open Cycle Gas Turbine
PP:	Public Participation
RPL:	Recognition for Prior Learning

SALGA	South African Local Government Association
SANCO:	South African National Civics Organisation
SDF:	Spatial Development Framework
SIA:	Social Impact Assessment
SME/SMME:	Small Medium and Micro Enterprises
WIC	Women in Construction

1 INTRODUCTION

In 2005, Eskom commissioned an Environmental Impact Assessment (EIA) process for an Open Cycle Gas Turbine (OCGT) power plant adjacent to the PetroSA facility in Mossel Bay. The EIA was completed late in 2005 and a positive Record of Decision was issued by the Department of Environmental Affairs and Development Planning (DEA&DP) in December 2005. In March 2007 it was established that the annual electricity growth rate was almost double of what was initially estimated. In order to meet the higher growth rate, Eskom is proposing to upgrade the OCGT power plant (which is currently under construction) by adding three additional OCGT generating units immediately adjacent to it. Accordingly, in terms of the National Environmental Management Act (NEMA) (No. 107 of 1998), Eskom has appointed Ninham Shand Consulting Services to undertake this EIA for the proposed three additional OCGT units and any additional supporting infrastructure.

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The Terms of Reference for the social assessment were to:

- Review existing documentation
- Compile a statistical Social Profile to describe the existing socio-economic environment
- Identify relevant stakeholders for consultation
- Consult with parties responsible for and involved in stakeholder consultation
- Compile a draft report;
- Integration of comments into a final report.

The consultant's approach to addressing these requirements is described in Section 2 below.

2 APPROACH TO STUDY

The Social Assessment was conducted through a combination of a desk study in which available information was reviewed, and consultation with key stakeholders to establish an understanding of the stakeholder consultation process.

2.1 Desk Study

The desk study consisted of a review of:

- Project information, including the Environmental Assessment for the OCGT 1 plant, as well as Draft and Amended Scoping Reports for OCGT 2.
- Statistical information from the 2001 Census, used to compile a Socio-economic profile of the local population surrounding the proposed OCGT Development (see Section 3). This information was obtained from various sources, including Statistics South Africa, the Municipal Demarcation Board, and the Mossel Bay Municipality's Integrated Development Plan (IDP).
- Records of previous consultation, including Public Meetings that took place during the Environmental Assessment for OCGT 1, meetings of the Environmental Liaison Committee in which socio-economic and community issues were discussed, as well as meetings that have been held with community stakeholders. These are summarised in **Annex 1**.
- Planning and policy documents, including
 - Mossel Bay and Eden District Integrated Development Plans and the Western Cape Policy Framework strategy, *iKapa elihlumayo*,
 - National legislation pertaining to Black Economic Empowerment and Procurement practices, and the country's macro-economic ASGI-SA strategy.
 - Eskom policies on employment and procurement, social responsibility and access to information.

2.2 Consultation

Stakeholder consultation took place during January and February 2007. Stakeholders and representatives from Eskom as well as local communities and business organisations were consulted. A summary of the consultation process engaged in for this study is included in **Annex 2**.

2.3 Presentation of findings

Findings from the research described above is presented in this report as follows:

Section 3 provides a description of the affected social environment with a detailed socio-economic population profile based on statistics from the 2001 Census.

Section 4 provides an overview of potential impacts on the social environment, looking at both positive and negative impacts and describing ways in which these may be enhanced (positive impacts) or mitigated/ minimised (negative impacts).

As requested as part of the proposed Terms of Reference for this Social Assessment, Section 5 provides an assessment of the stakeholder consultation process between Eskom and community stakeholders regarding the OCGT project, since its commencement with Phase 1 in 2005.

2.4 Limitations and Constraints

Some limitations and constraints that were experienced in conducting this study can be summarised as follows:

- Difficulties in obtaining relevant information from Eskom representatives, particularly:
 - Records and minutes of previous meetings held
 - An indication of employment created during the construction of OCGT Phase 1.
- High levels of distrust from community stakeholders, fatigued by apparently endless processes of consultation without visible action and responses to their concerns
- Distrust based on deep rooted racial divides – it was noted that to address local communities’ social concerns appropriate consultation should be done from a point of identification and a common language. In response to this concern an interpreter/ facilitator was brought into the process which helped to re-establish a degree of trust.
- Distrust from communities after Eskom staff distanced themselves from the Impact Assessment process, advising community stakeholders not to provide information requested.

The difficulties thus encountered are noted in more detail in a summary of the SIA Consultation process included in **Annex 2**.

3 SOCIO-ECONOMIC PROFILE OF AFFECTED POPULATION

The proposed development is to take place at the current PetroSA site in the town of Mossel Bay, which falls within the Mossel Bay Municipality of the Eden District in the Western Cape Province. The predominantly low income African and Coloured neighbourhoods of KwaNonqaba and Jo Slovo as well as the middle to upper middle income predominantly White neighbourhood of Dana Bay are situated within a five kilometre radius of the development site.

This section provides a statistical socio-economic profile of the population of the Mossel Bay Municipality, based on results of the 2001 Census. Statistics are presented for Ward 11 (according to pre- 2004 elections demarcation)³, which includes the neighbourhoods of KwaNonqaba and Jo Slovo as well as Dana Bay. Statistics for the Municipality and Wards are placed in a National, Provincial and District context with information for the broader Eden District Municipality, the Western Cape Province, and South Africa as a whole for selected variables.

While the Ward Level information provided geographically includes the population of KwaNonqaba and Jo Slovo, the statistics reflected for Ward 11 reflects a much broader population, also including as indicated the more well of, predominantly White residential area of Dana Bay. Such statistics can thus be deceptive in providing an accurate indication of socio-economic conditions for residents of these areas. Information for the Mossel Bay Municipality is therefore also presented, for key socio-economic indicators, according to population group – recognising that the majority of Mossel Bay's African and Coloured communities reside in these areas, still bearing a legacy of segregation policies of the past. In using such 'racial' classifications this report recognises that *“to redress the racialised disadvantages of black people requires a reference to the apartheid social grid. Apartheid pigeonholed South Africans into classifications such as “Bantu” “Coloured” “White” and “Indian””* (Malinga, 2007)⁴.

3.1 Institutional context and leadership

The issue of institutional leadership and representation is crucial to understand when intending to consult with local stakeholders and interested and affected parties (I&APs) about potential developments that will directly impact on them in various ways.

It became clear during the consultation process that institutional leadership in the local communities neighbouring the proposed OCGT Development is very weak, and characterised by conflict regarding legitimacy and representivity. The sections below provide a brief overview of the institutional and leadership context looking first at official municipal structures intended to represent the local population, followed by a look at business and

³ Note that the ward demarcation used for the 2001 Census is used. According to post 2004 demarcation Dana Bay is still Ward 11, but KwaNonqaba and the neighbouring Asla are now Wards 2 and 3 respectively.

⁴ Banzi Malinga, quoted by Polo Radebe in “Black Empowered: A BEE in the bonnet” Fin Week 22 February 2007

community structures claiming to represent various interest groups within the local communities.

3.1.1 Political Leadership

According to current ward demarcation the communities surrounding the proposed development fall into Wards 1 and 2 (Kwa Nonqaba), Ward 3 (Asla), Ward 11 (Dana Bay), Ward 12 (Jo Slovo) of the Mossel Bay Local Municipality, as indicated in Table 3 below:

Table 3: Ward Demarcation & Councillors

Neighbourhood	Ward
Kwa Nonqaba	1 &2
Asla	3
Jo Slovo	12
Dana Bay	11

When questioned about their role as leaders and representatives of the local communities, Ward Councillors were hesitant to claim such representative status. Community members also refrained from citing councillors as their chosen representatives, or people to whom they turn with pressing needs. The elected municipal representative structures thus appear very weak and unstable, largely as a result of frequent changes of political leadership during recent years, resulting in frequent changes of councillors. The common perception amongst local residents appears to be that this level of leadership only functions on a political level and bares little relevance to the local population as councillors have little effect in addressing socio-economic problems and needs in their constituent communities.

3.1.2 Business and Community stakeholders

In the absence of effective institutional leadership various organisations have emerged representing (or claiming to represent) business and community interests within the affected neighbourhoods. The scope of this investigation only allows for a very cursory reflection on some of these organisations, which should be investigated in more detail into the future to gain a better understanding of appropriate representatives with whom to consult regarding community matters pertaining to the OCGT development.

A division appears to exist between structures representing business and commercial interests and those claiming to represent the broader community with regards to general socio-economic needs and concerns. A summary of organisations representing (or claiming to represent) business and community interests respectively is provided in Table 4 below.

Table 4: Business and Community Representative Structures

Business representatives	Community representative structures
Siyaqala Black Business Forum	KwaNonqaba Residents' Association (KWARA)
Black Empowerment Forum (BEF)	NAFCOC
NOKENG	KwaNonqaba concerned youth
Women in Construction (WIC)	Disabled
<i>Other???</i>	KWAYO
	SANCO??
	N2 South Cape Rural Development
	<i>Other???</i>

It is crucial to note that this report does not in any way assert or evaluate the legitimacy of claims regarding representivity as the scope of this study did not allow probing into this matter.

What did emerge from consultation is that a significant degree of distrust exists between some of these structures, with numerous claims and counter-claims disputing the legitimacy of structures and the degree to which others truly represent the local communities' interests. Such conflicts of interests have particularly emerged with regards to appropriate structures to include in the stakeholder consultation process between Eskom and the local communities.

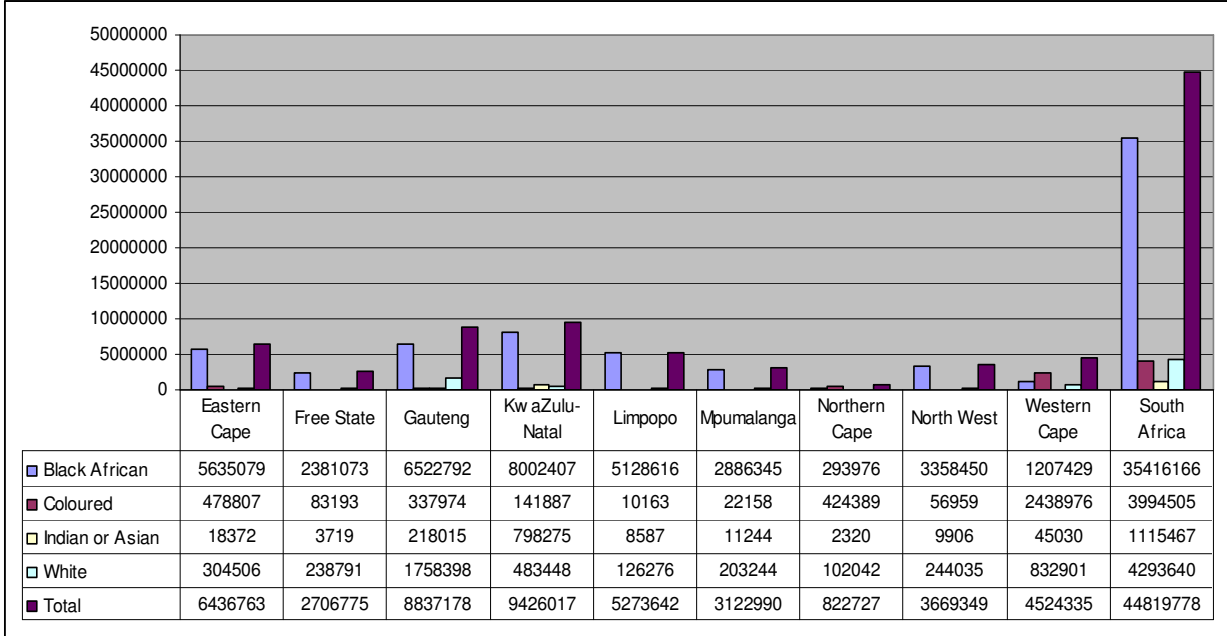
3.2 Population Size and Composition

This section provides an overview of population size in the Mossel Bay Municipality, with a look at age and gender distribution, as well as a discussion of race and language distribution in the region.

3.2.1 Population Size

According to the 2001 National Census the country's total population was close to 45 million people, of which about 10%, just over 4.5 million, resided in the Western Cape Province. Figure 1 below provides a graphical representation of the South African population per province by population group according to the Census, showing the vast majority of the National population (79%) to be Black African, while the Coloured population predominate in the Western Cape.

Figure 1: South Africa Population



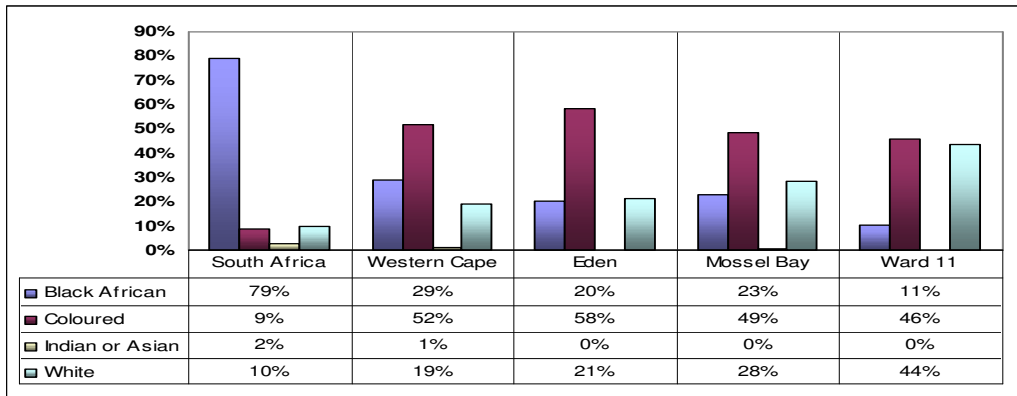
In 2001 the Mossel Bay population totalled about 71 491 people, fairly evenly distributed according to age and gender. This population was comprised of 20 253 households, which translates to an average household size of just over three people per household. The total population of Ward 11 surrounding the proposed development site, including the communities of Dana Bay and KwaNonqaba, was approximately 4 765 people.

In contrast to the broader South African population which is predominantly Black African (79%), Figure 2 below shows the population of Mossel Bay to be mainly Coloured (48%), although slightly less so than for the broader Eden District (58%), or Western Cape (52%) with higher percentages of Black Africans (23% compared to 20% for Eden District), and Whites (28% compared to 21% at District level). The population of Ward 11, including Dana Bay and KwaNonqaba, was comprised of 46% Coloureds, 44% Whites, and 11% Black Africans.

Census statistics indicate significantly larger growth amongst the African population from 1996 to 2001 across Mossel Bay, but particularly significant in Ward 11⁵, which when used to project approximate population figures for 2006 and beyond would indicate a significantly larger and growing African population in this area.

⁵ The African population grew at more than twice the rate of the white population in Ward 11 between 1996 and 2001 according to census Statistics.

Figure 2: Population Composition



3.2.2 Age and Gender Distribution

Figure 3 below provides an indication of age distribution based on a five year interval for Eden District, Mossel Bay, and Ward 11 respectively. The Eden District population can be seen to have proportionally larger percentages in the younger age groups than Mossel Bay, which in turn has larger percentages of youth than Ward 11. Larger percentages in Ward 11 can be found from age 30 onwards, up to age 70.

Figure 4 provides a summary of age groups according to gender within Mossel Bay, noting a roughly equal distribution between men and women.

Figure 5 notes age distribution within Mossel Bay according to population group. Here the African, and to a slightly lesser extent Coloured populations can be seen to have significantly higher percentages in the younger age groups up to age 34, with close to a third of the population aged under 15. This indicates a rapidly growing population for these population groups, with a high percentage (43% amongst Africans) in the potential 'Labour Force' age group: 15-34. The White population by contrast are predominantly (44%) aged between 35-64, which may be considered the 'senior labour force', with 16% being pensioners aged over 65 (compared to less than 5% for all the other population groups). Corresponding percentages of children aged under 15 (16%) and a youthful labour force (23%) are significantly lower than those of other groups, showing significantly slower growth potential into the future.

Figure 3: Age Distribution

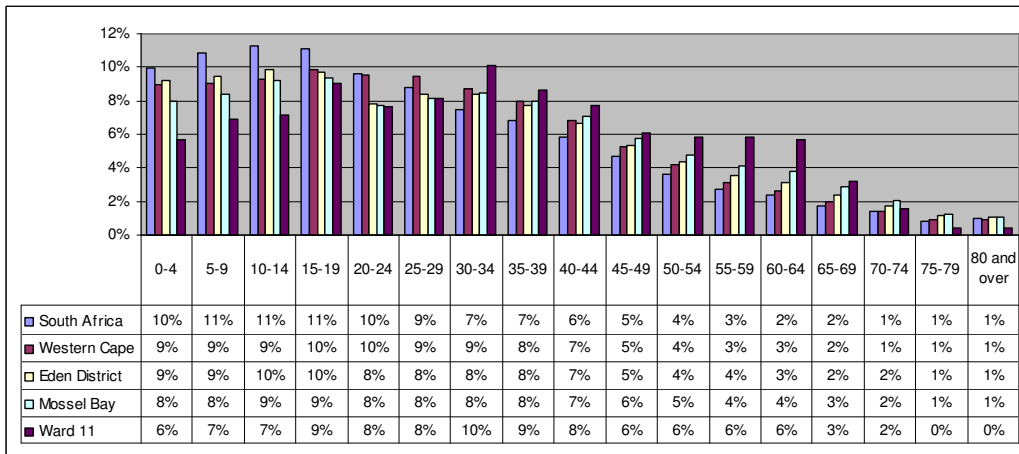


Figure 4: Age & Gender Distribution: Mossel Bay

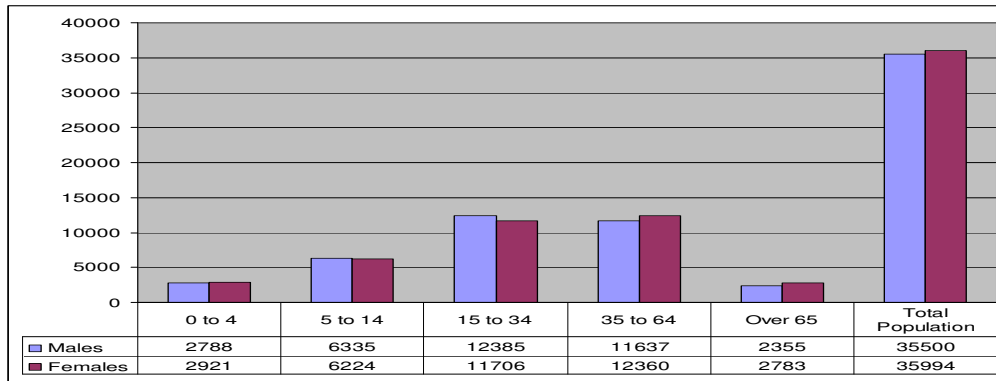
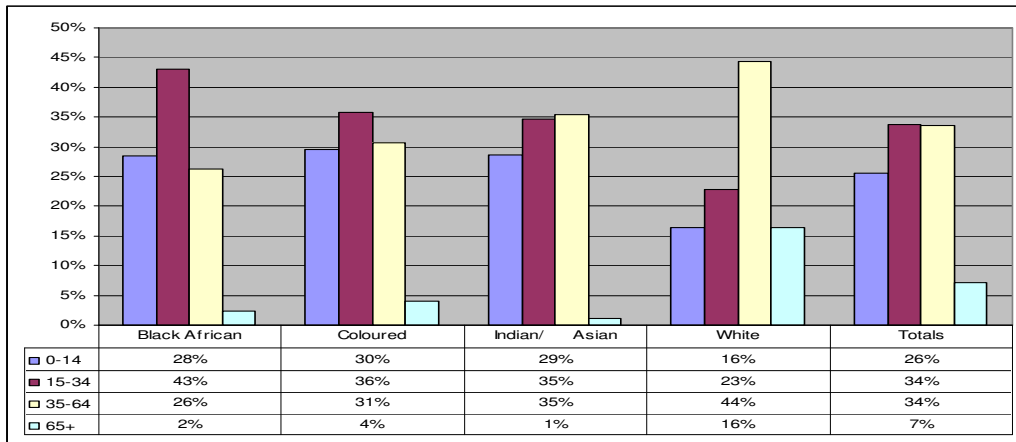


Figure 5: Age Distribution by Population Group: Mossel Bay



3.2.3 Language Distribution

Figure 6 below shows Afrikaans, first language to about half the population of the Western Cape, to be particularly common in the Eden District (76%). In Mossel Bay it is first language

to 73% of the population and is particularly prominent in Ward 11 (86%). The second most prominent language in Mossel Bay is IsiXhosa, spoken by 20% of the population.

Figure 7 shows that, although spoken by the majority of the broader population, Afrikaans is only spoken by about 6% of the African population of Mossel Bay, the vast majority of whom are IsiXhosa speakers (88%), with small percentages of speakers of SeSotho (3%) and other African Languages (3%). This is important to consider in facilitating communication with the local African population, as the predominant language of Afrikaans, or more common 'business' language English cannot be considered as sufficient to reach and address this group's interests.

Figure 6: Language Distribution

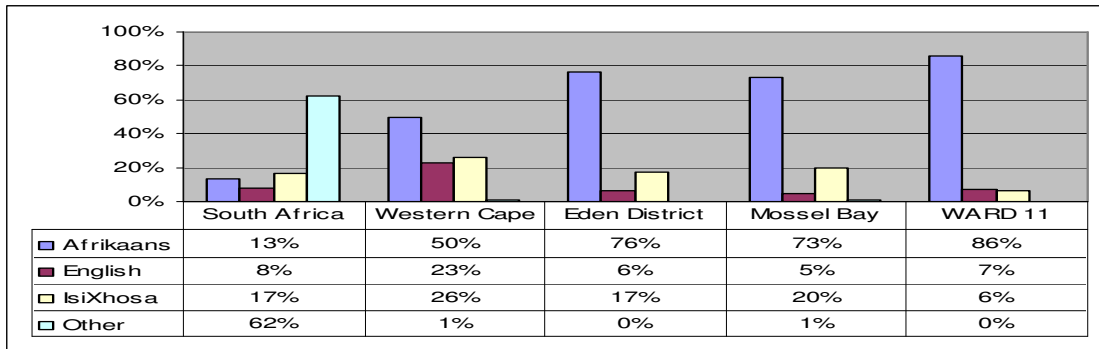
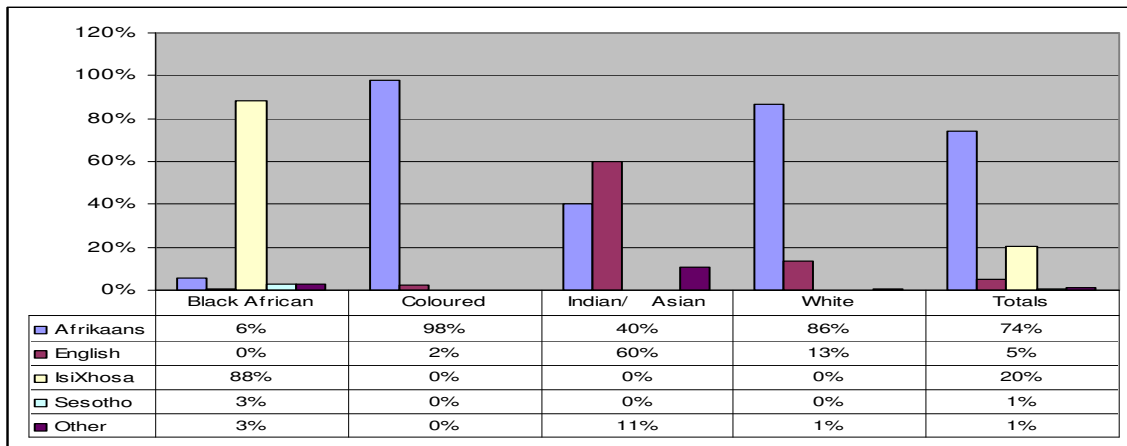


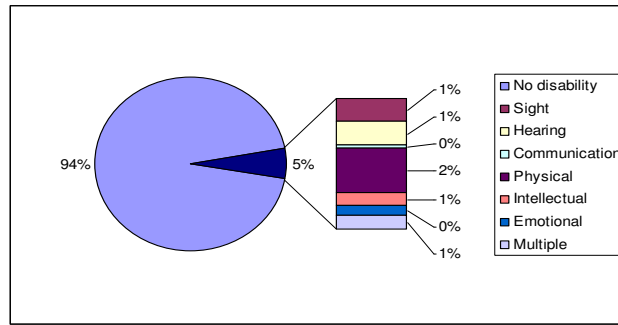
Figure 7: Language Distribution by Population Group in Mossel Bay



3.2.4 Disabilities

Figure 8 provides a summary of disabilities in the Mossel Bay area, noting different disabilities suffered by the 5% of the population for whom this is relevant. Percentages across the District and Province as well as across different race groups are very similar in this regard.

Figure 8: Disabilities: Mossel Bay



3.3 Education

This section begins with an overview of educational characteristics followed by a discussion of employment patterns in the Mossel Bay region, particularly looking at matters relating to employment status, sources of income, sectors of employment and occupational categories, before concluding with a look at average annual household income.

3.3.1 Level of Education

Figure 9 shows levels of education in Mossel Bay to be similar to those across the Eden District as well as the Western Cape Province, with approximately a third of the population over age 20 having attained ‘some secondary’ education as highest level of education. About a quarter of Mossel Bay adults over 20 in 2001 had matriculated according to the census, and a further 13% had attained some level of higher education. While 6% of this age group was reported to have received ‘no schooling’, 16% had only attained some level of primary education, and a further 7% completed primary school. Ward 11 had higher percentages of persons with matric (35%), as well as persons who had attained higher levels of education (a further 18%).

Figure 10 shows clear inequalities in levels of educational attained by different population groups, with 0% of the White population, compared to 10% of the African population reported with ‘no schooling’. While the vast majority (71%) of the White population aged over 20 have attained either matric or higher (30%) levels of education, only 20% of Africans and 21% of Coloureds have matriculated, with 6% of Africans and 4% Coloureds having attained higher levels of education.

Figure 9: Highest Level of Education Attained by Population aged 20+

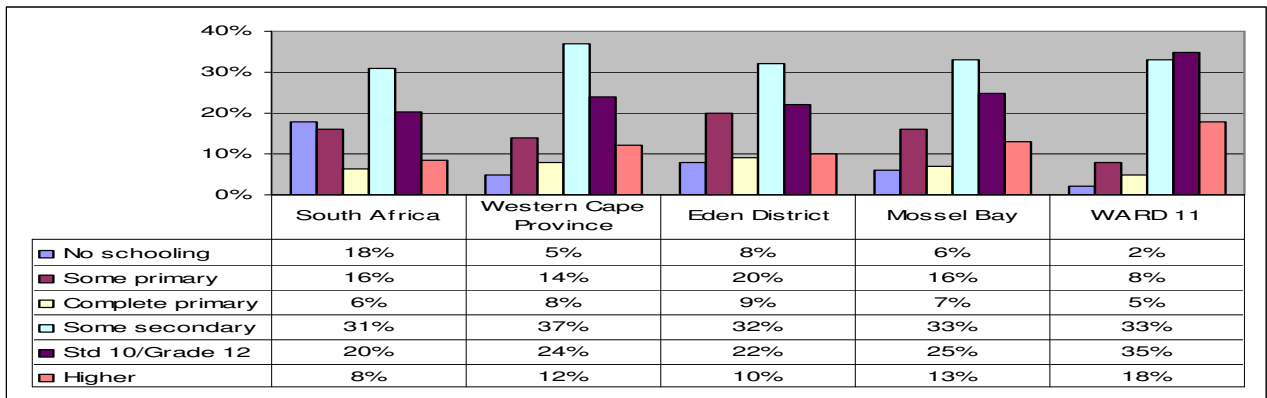
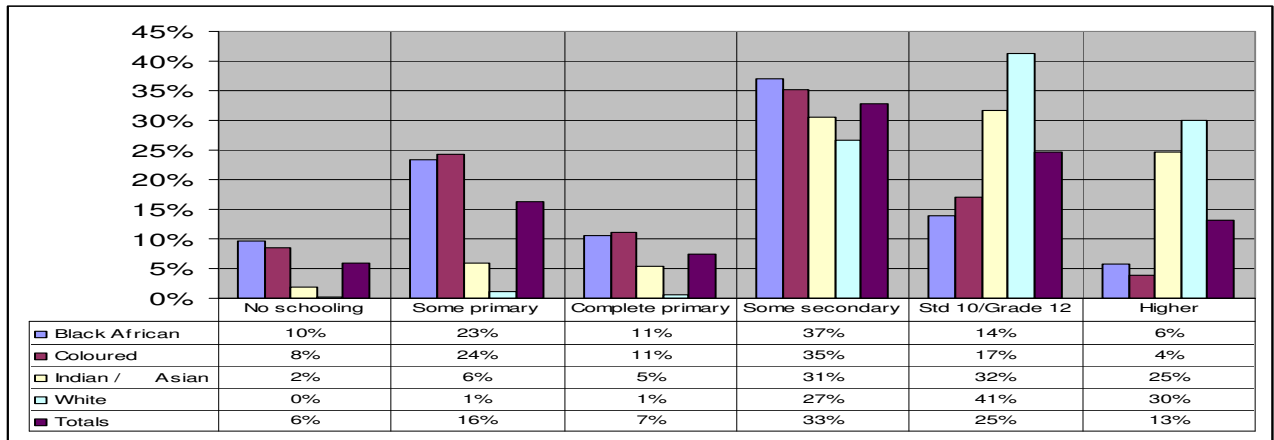


Figure 10: Education Levels attained by Population Group in Mossel Bay



3.3.2 Educational Institutions attended

Figure 11 shows that the percentage of persons aged 15-24 not attending any form of educational institution in 2001 (36%) was half of that for the Western Cape Province as a whole (72%). This, along with the significantly higher percentage shown to be at school (58% in Eden compared to only 2% provincially) notes school attendance in the District to be significantly better than at provincial level. Percentages in Mossel Bay and Ward 11 in particular are similar to those of the District, although slightly higher percentages in Mossel Bay, and more so in Ward 11, can be seen to be attending higher educational institutions such as college or university.

Figure 12 shows the percentage of Whites not attending any educational institutions to be lower than for Africans (32%), with the Coloured and Indian groups having the highest percentages (39%) in this category. Correspondingly the highest percentage attending school is amongst the White population (64%), followed closely by the African population (62%). In contrast with stark differences between the different population groups seen when comparing Levels of Education above, which can be seen to have strong historic causes for inequality,

the more equal distribution of current school attendance does indicate a definite prioritisation of education amongst all groups, with hopeful implications for future levels of education.⁶ Higher educational institutions are still mostly attended by Whites (3% attending college, and 1% each Technikon and University). Corresponding percentages in other groups are only 1% each of the African and Coloured populations attending college.

Figure 11: Educational Institute Attended by 15-24 year olds

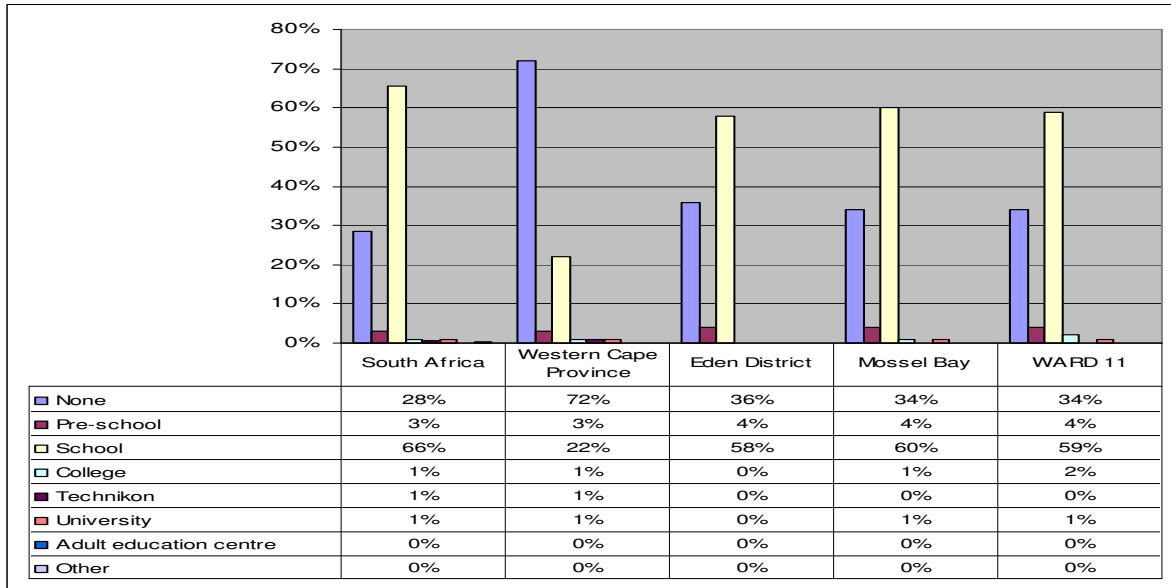
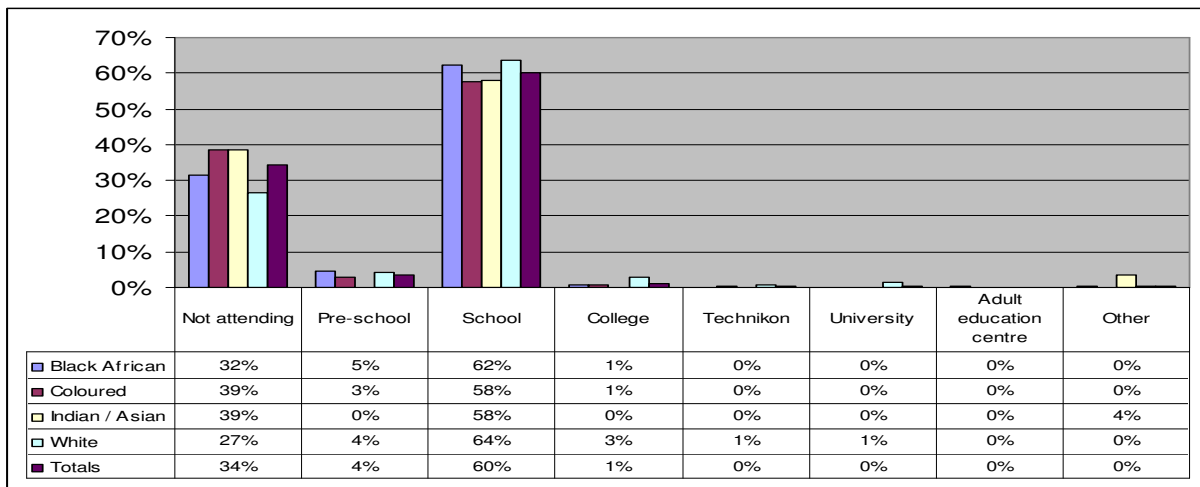


Figure 12: Educational Institutions by Population Group in Mossel Bay



⁶ Note that the reality of prevailing inequalities with respect to the quality of education received by different groups should also be taken into consideration in predicting potential future educational attainment.

3.4 Employment and Income

This section looks at employment status, sectors of employment, occupational categories and income.

3.4.1 Employment Status

Figure 13 below provides an overview of employment status in Mossel Bay and Ward 11 within the context of Eden District, the Western Cape Province and South Africa. While 46% of the Mossel Bay population aged between 15 and 64 were classified as ‘employed’ according to the 2001 census, 15% were classified as ‘unemployed’, slightly lower than the corresponding percentage at District and Provincial levels. The remaining 39% were classified as ‘not economically active’. These percentages are all relatively similar to District and Provincial figures. The ‘not economically active’ percentage is significantly higher in Ward 11 at 55%, with lower percentages classified as either employed (38%) or unemployed (7%).

While employment figures for the province and region on average appear higher than the national rate, Figure 14 again shows sharp disparities in employment status between different population groups with the African population having more than double the percentage of ‘unemployed’ (31%) than the Coloured group (14%), which itself is three times higher than the corresponding percentage amongst Whites (4%). The ‘not economically active’ group is significantly higher amongst the White population (48%) than amongst African (32%), Coloured (38%) or Indian/ Asians (37%), possibly a result of the greater percentage of elderly past retirement age, as well as greater percentages of youth within this age group attending school and tertiary educational institutions.

Figure 13: Employment Status of potential labour force (aged 15-64)

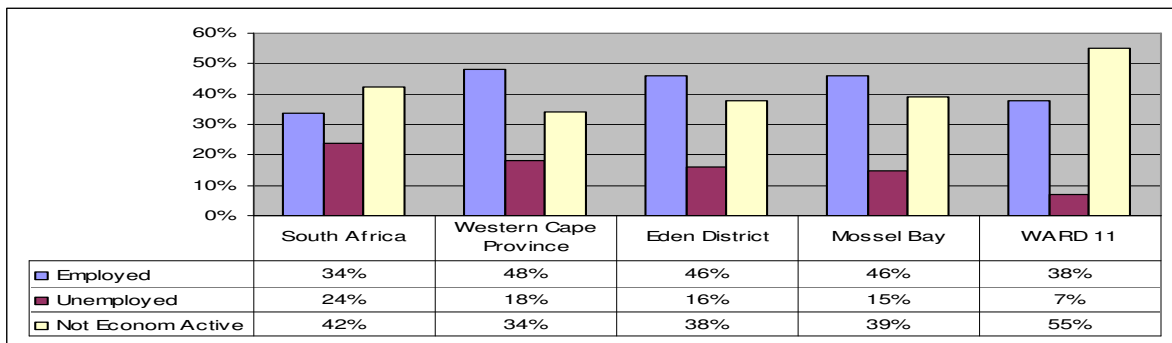
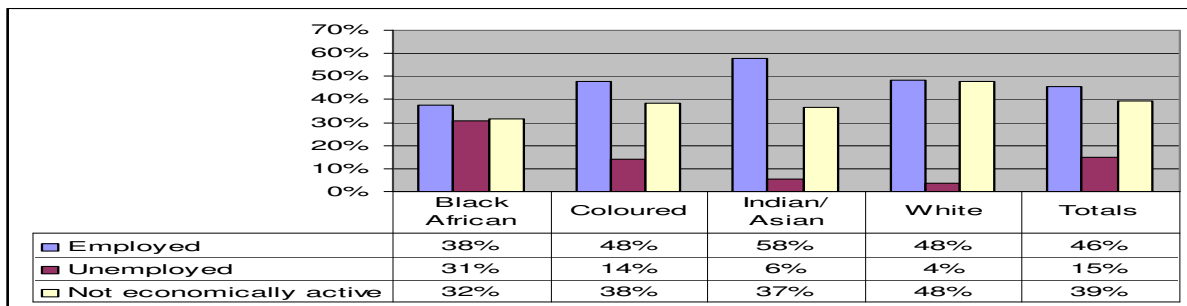


Figure 14: Employment Status by Population Group in Mossel Bay



An important factor that has contributed to increased levels unemployment over the past decade, much of which might not yet have been reflected in Census results of 2001, has been the withdrawal of many of the former large employers in the area, leading to large-scale retrenchments, the impact of which has been severely felt particularly in lower income primarily African neighbourhoods of KwaNonqaba and Jo Slovo. Examples of industries that have closed down include Coca Cola, the local abattoir, much of the fish manufacturing industry which has relocated to George, as well as Langeberg canned fruit which operated on the site now occupied by the Langeberg Mall.

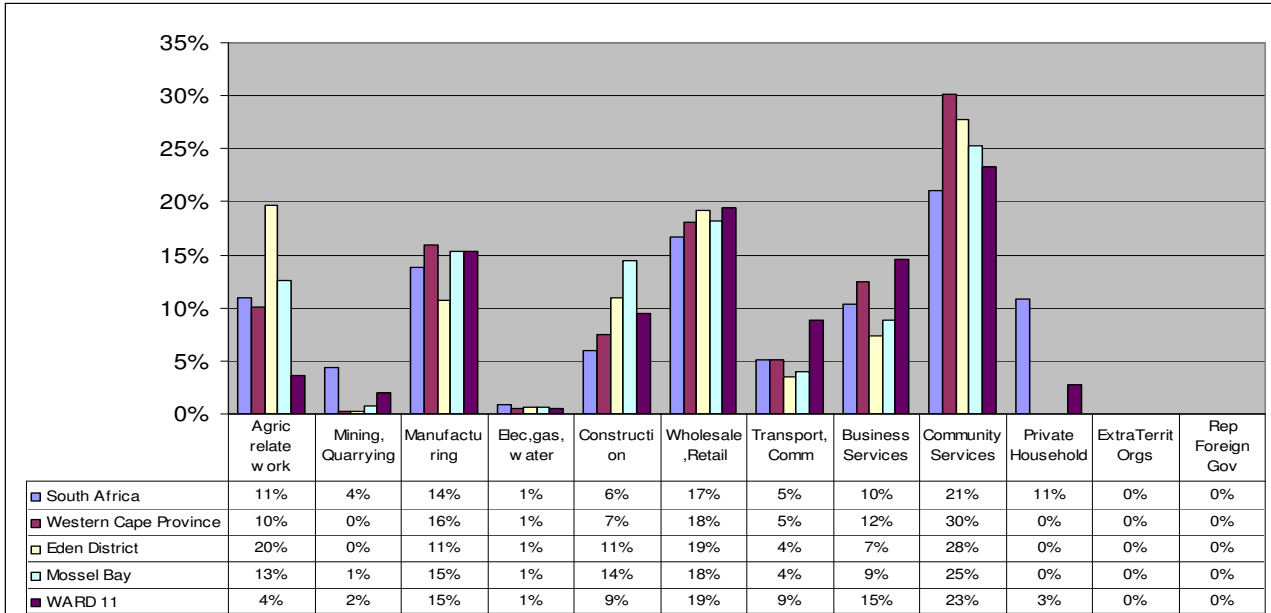
3.4.2 Employment Sectors

Figure 15 below shows Community Services to be the most common sector of employment in Mossel Bay (25%), although less so than at District (28%) or Provincial (30%) levels. Wholesale and Retail is the second biggest employer in Mossel Bay (18%), with similar percentages evident across the District and Province. The Manufacturing sector accounted for 15% of employment in both Mossel Bay and within Ward 11, similar to the 16% accounted at Provincial level, but somewhat higher than that of the broader Eden District, showing this to be the region's Manufacturing centre. The Construction sector can be seen to have a relative advantage in the Mossel Bay region, being responsible for a greater portion of employment (14%) than in the broader Eden District (11%), provincially (7%), or nationally (5%). Employment in Agriculture (13%), although slightly higher than provincially (10%), is significantly lower than in the broader Eden District (20%). The Transport and Communication and Business Services Sectors employed notably smaller percentages in Eden District and Mossel Bay than provincially, although these sectors can be seen as relatively prominent in Ward 11.

Figure 16 shows a quarter of the African population to be employed in the Construction sector, while Wholesale and Retail Trade and Private Households each account for a further 15% of employment within this group, followed by Community Services (13%) and Manufacturing (11%). The Coloured population is employed primarily in the Manufacturing and Wholesale and Retail trade sectors (both 16%), followed by Agriculture and Community and Social Services (both 15%), a further 12% being employed in the Construction sector, and 11% in Private households. The predominant employment sector amongst the White population is Community and Social Services (22%), followed by Wholesale and Retail Trade (18%). Manufacturing and Financial and Business Services each account for 14% of employment in this population group. The percentage employed in Financial and Business

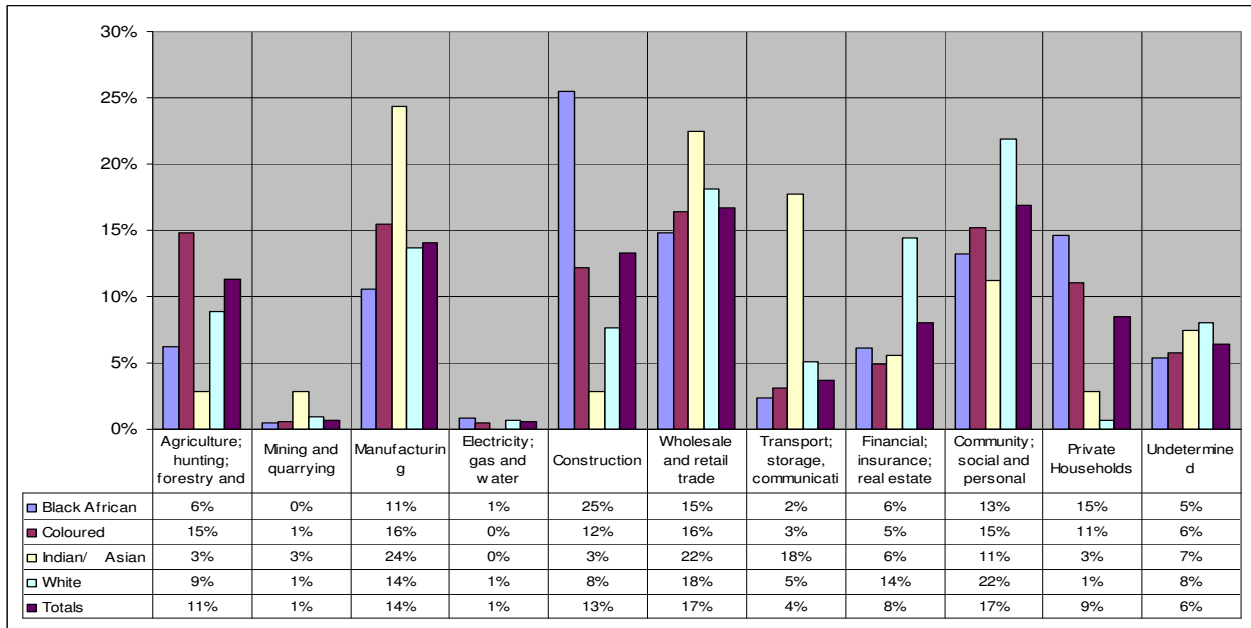
Services can significantly be seen to be more than double that in any other groups. The Indian population are predominantly involved in the manufacturing (24%), wholesale and retail trade (22%), and transport, telecommunication and storage (18%) sectors.

Figure 15: Sectors of Employment⁷



⁷ Note that the ‘undetermined’ category, which accounted for 68% in the Western Cape, and 71% in both Eden District and Mossel Bay, but only 4% in Ward 11 according to statistics obtained from the 2006 Municipal Profiles, has been excluded from calculation of percentages used in the graph above, which thus only provides an estimate of those whose employment sectors were classified in this source.

Figure 16: Employment Sectors by Population Group in Mossel Bay



3.4.3 Occupational category

Figure 17 shows over a third of those employed in the Eden District and in Ward 11, and 30% in Mossel Bay, to be engaged in elementary occupations. These percentages are higher than that of the Western Cape Province or nationally.

Figure 18 again shows clear discrepancies between different population groups with respect to occupations, with the majority of the African (42%) and Coloured (41%) population engaged in elementary occupations, followed by craft and related trade workers. The White population by contrast is relatively equally distributed amongst the traditionally higher skilled occupational categories. The largest proportion of the Indian population were classified as plant and machine operators (18%) in the Census, while the percentage of professionals slightly exceed that amongst the White population at 14%.

Figure 17: Occupational Category

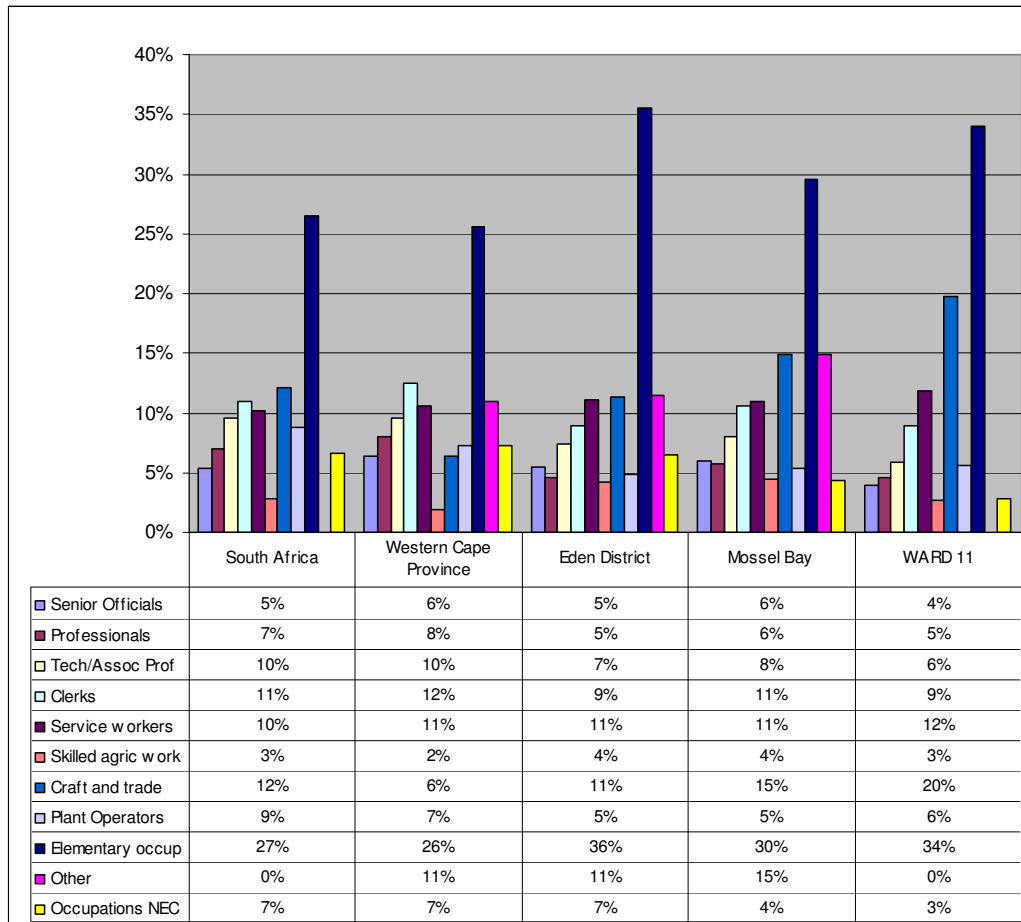
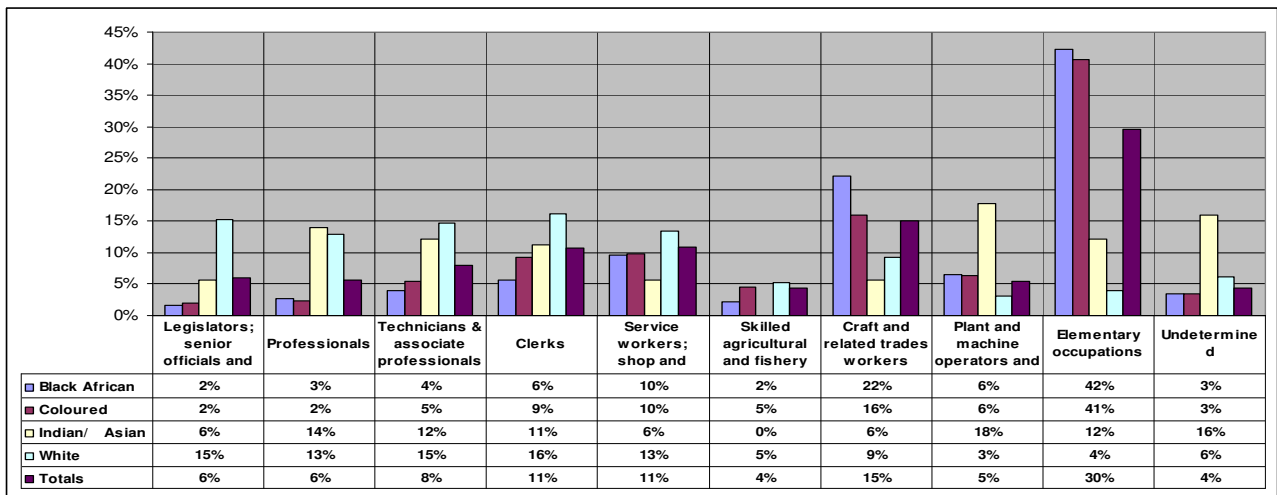


Figure 18: Occupation by Population Group



3.4.4 Income

Figure 19 shows that 10% of households in Mossel Bay was recorded to have no annual income in the 2001 Census. This percentage is slightly lower than that of the Eden District (11%) or Western Cape Province (12%). A further 53% of Mossel Bay households reported an annual income of below R38,400, while 30% of households subsisted on between R38,400 and R153,600. Average annual income per household can be seen to be significantly higher in Ward 11 than in the broader Mossel Bay region.

Figure 20 demonstrates discrepancies between population groups with respect to individual monthly income, with 78% of the African population and 75% of the Coloured population earning less than R1 600 per person per month, compared to only 18% of both the White and Indian populations, both well represented in higher income groups.

Figure 19: Average Annual Household Income

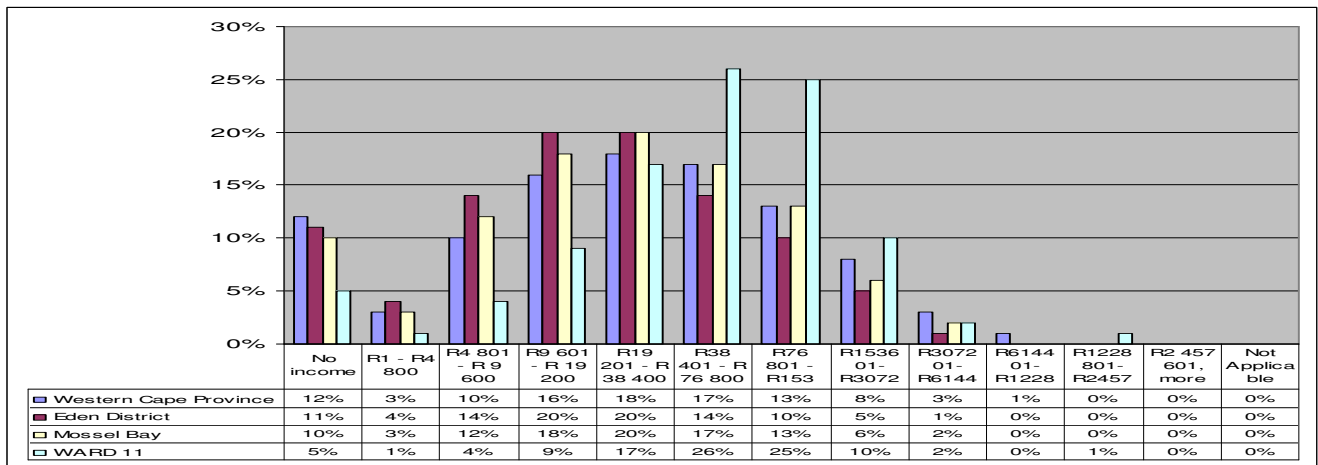
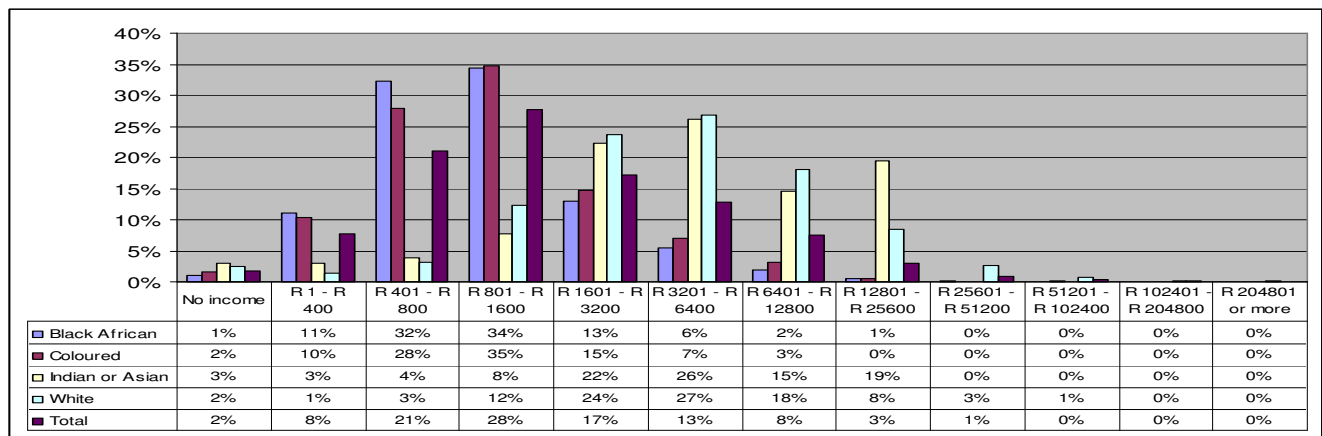


Figure 20: Individual Monthly Income by Population Group



3.5 Housing, Services and Infrastructure:

This section provides an overview of access to and type of housing and access to basic services and infrastructure in and around Mossel Bay.

3.5.1 Land Tenure and Housing

Figure 21 below provides a summary of predominant tenure status in Mossel Bay, and Ward 11 in particular in comparison to the broader Eden District and the Western Cape Province as a whole.

Figure 21: Tenure Status

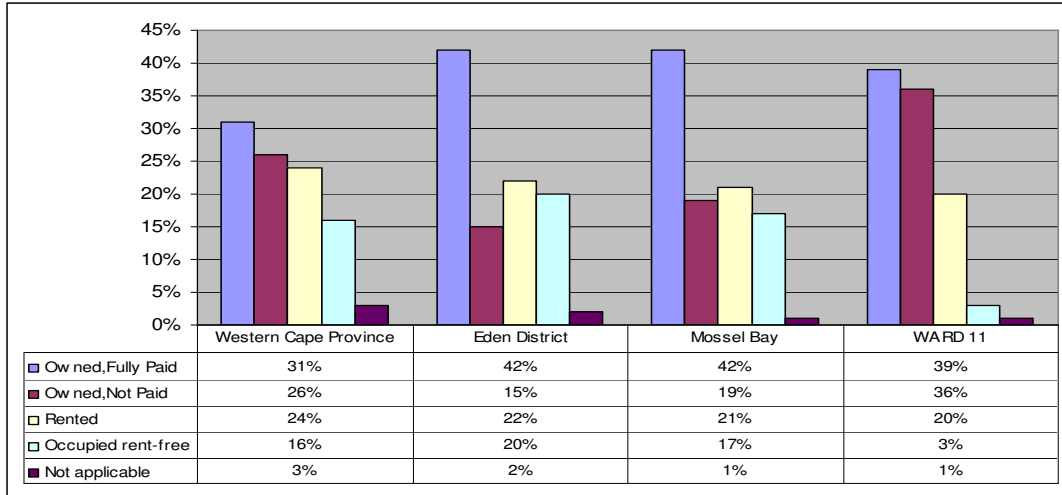
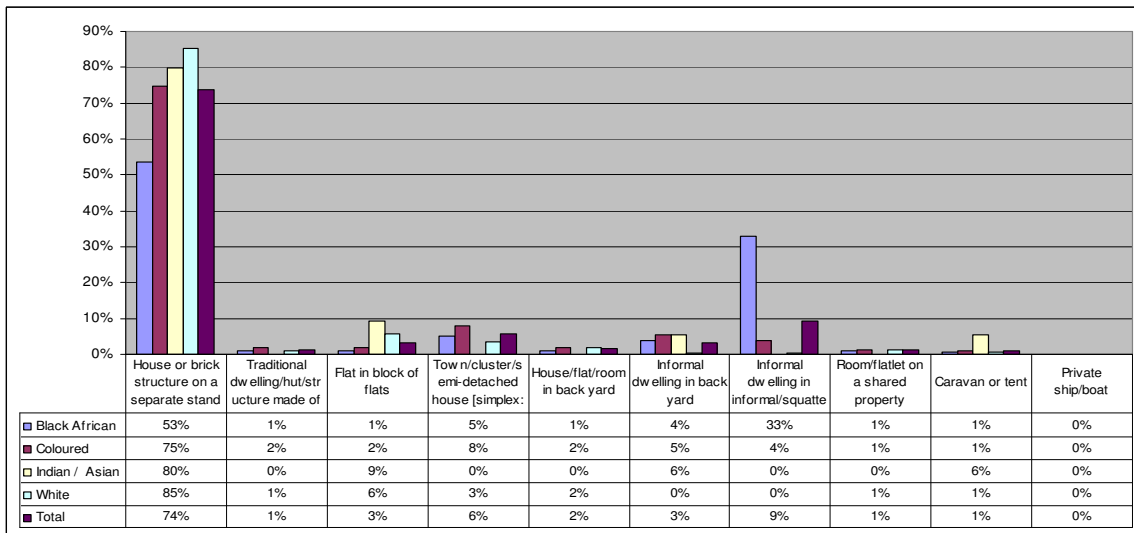


Figure 22 shows that while almost three quarters of the total population of Mossel Bay resided in a 'house or brick structure on a separate stand' in 2001, access to housing differs vastly between population groups, with only just over half of the African population having access to this most common form of housing, while a third of this group reside in 'informal dwellings in informal settlements'.

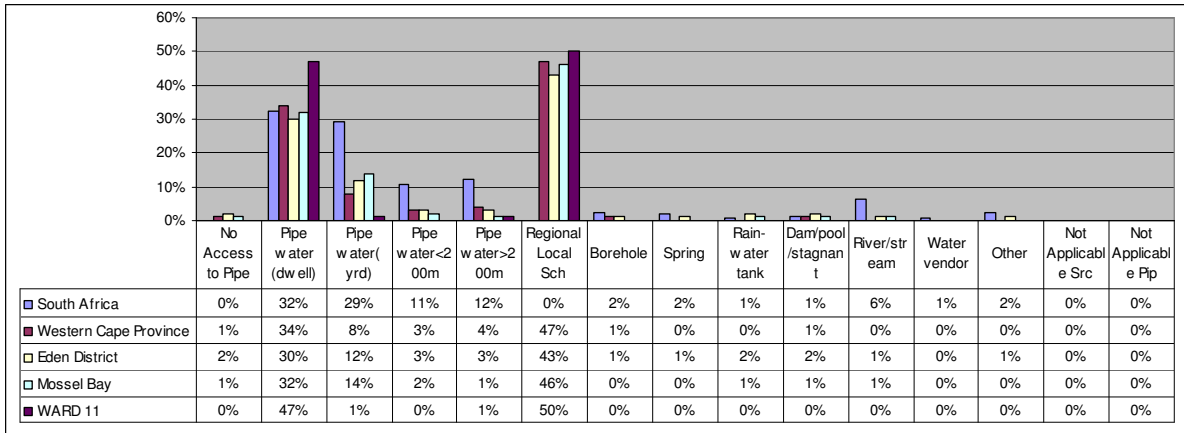
Figure 22: Housing by Population Group in Mossel Bay



3.5.2 Water

Figure 23 below provides a summary of predominant water sources in Mossel Bay, and Ward 11 in particular in comparison to the broader Eden District and the Western Cape Province as a whole. While about a third of the population received municipal piped water to their dwellings in 2001, almost half received water from a regional or local water scheme.

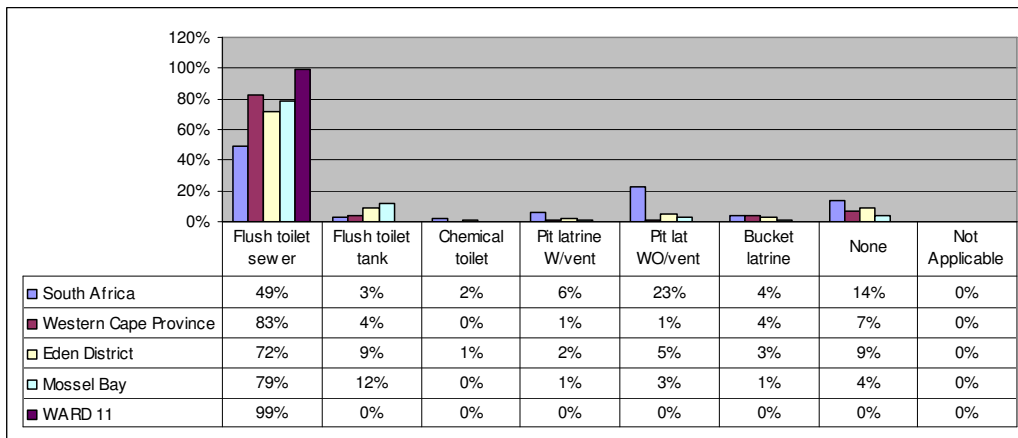
Figure 23: Water Provision



3.5.3 Sanitation

Figure 24 below provides a summary of predominant forms of sanitation facilities in Mossel Bay, and Ward 11 in particular in comparison to the broader Eden District and the Western Cape Province as a whole. Although 91% of Mossel Bay households have flush toilets with either sewers or tanks, 5% rely on pit or bucket latrines and 4% are reported to have had no toilet facilities in 2001

Figure 24: Sanitation Facilities



3.5.4 Energy

Predominant sources of energy for cooking, heating and lighting respectively are discussed in the sections below:

Cooking

Figure 25 below provides a summary of predominant sources of energy for cooking in Mossel Bay, and Ward 11 in particular in comparison to the district, province and country, showing significantly higher use of electricity in the province and region than nationally. Although electricity is the most common form of energy used for cooking, the use of other energy sources, particularly paraffin, but also gas and wood, is worth noting as use of these alternatives commonly indicate financial and other constraints to obtaining sufficient energy for cooking. Figure 26 shows the use of paraffin be particularly common amongst the African population, over half of whom use this form of energy for cooking, with only 43% using electricity for this purpose.

Figure 25: Source of Energy for Cooking

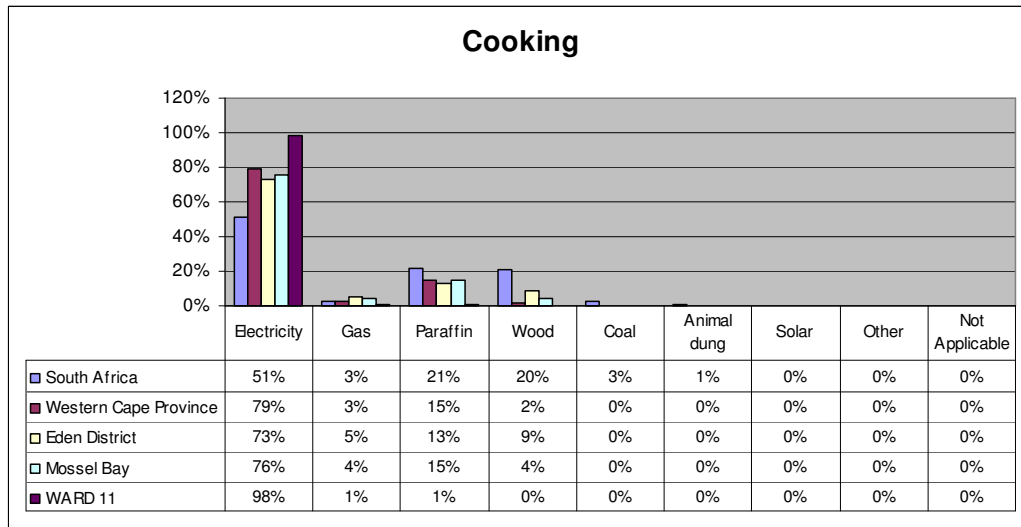
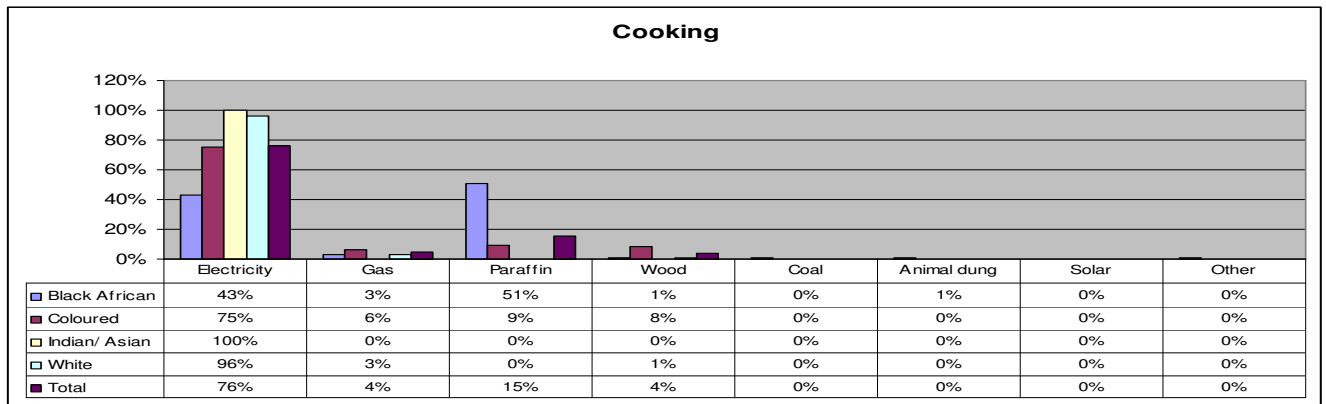


Figure 26: Sources of Energy for Cooking by Population Group in Mossel Bay



Heating

Figure 27 below provides a summary of predominant sources of energy for heating in Mossel Bay, and Ward 11 in particular in comparison to the broader Eden District and the Western Cape Province as a whole, while Figure 28 presents this information by population group

within Mossel Bay. Similar to cooking, paraffin and wood, and to a lesser extent gas, are used as alternatives to electricity in Mossel Bay, with similar proportions to those of the Western Cape Province, which is a slightly higher percentage than elsewhere in the Eden District where wood is commonly used as alternative in the more forested areas. Paraffin is more commonly used amongst the African population (the majority of whom reside in the townships of KwaNonqaba and surrounding areas) while wood is more common amongst Coloureds (many of whom reside on farms as labourers as can be deduced from the high percentage of this group engaged in the Agricultural sector (see 3.4.2).

Figure 27: Source of Energy for Heating

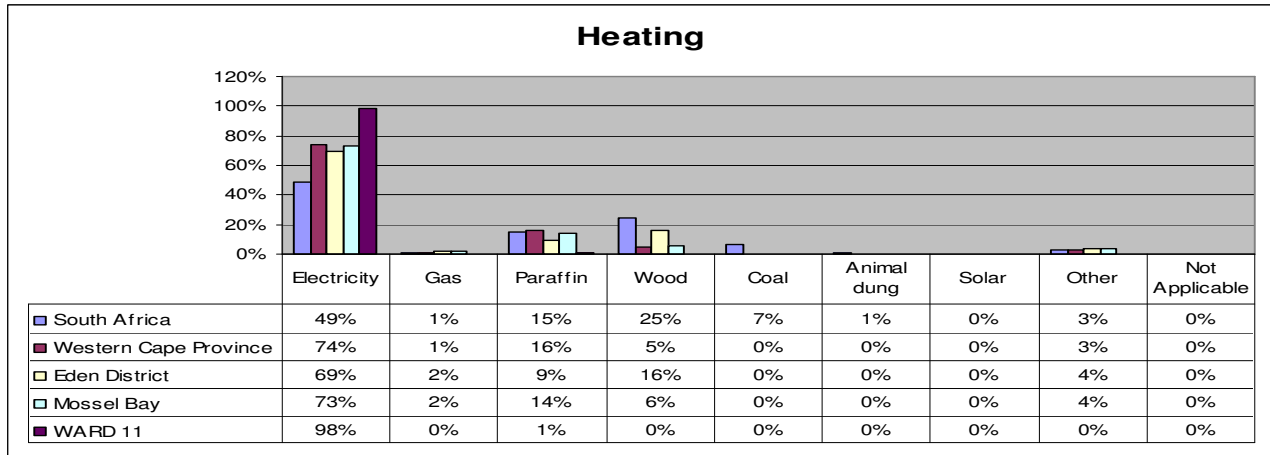
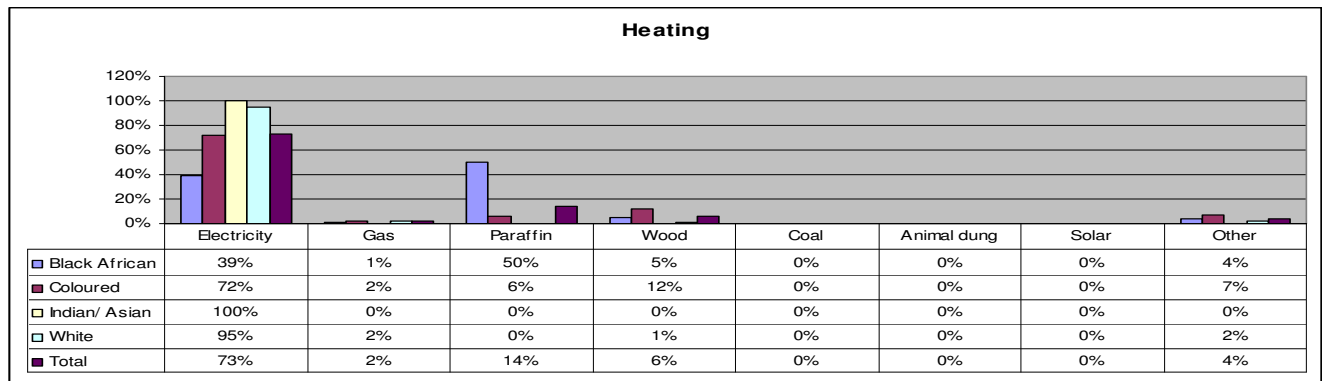


Figure 28: Sources of Energy for Heating by Population Group in Mossel Bay



Lighting

Figure 29 shows the percentage of households using electricity as primary source of energy for lighting to be significantly higher than for other uses such as cooking and heating, indicating that households do have access to electricity for this purpose, but choose not to use this form of energy for cooking or heating, probably for financial reasons. With 91% of Mossel Bay households demonstrating such access to electricity, the region shows higher connectivity than Eden District, Western Cape Province, or South Africa. Those without access use candles (6%), or paraffin (3%) for lighting. Figure 30 Shows the use of paraffin to

be more common amongst the African population while Coloured households without access to electricity prefer use candles for lighting.

Figure 29: Source of Energy for Lighting

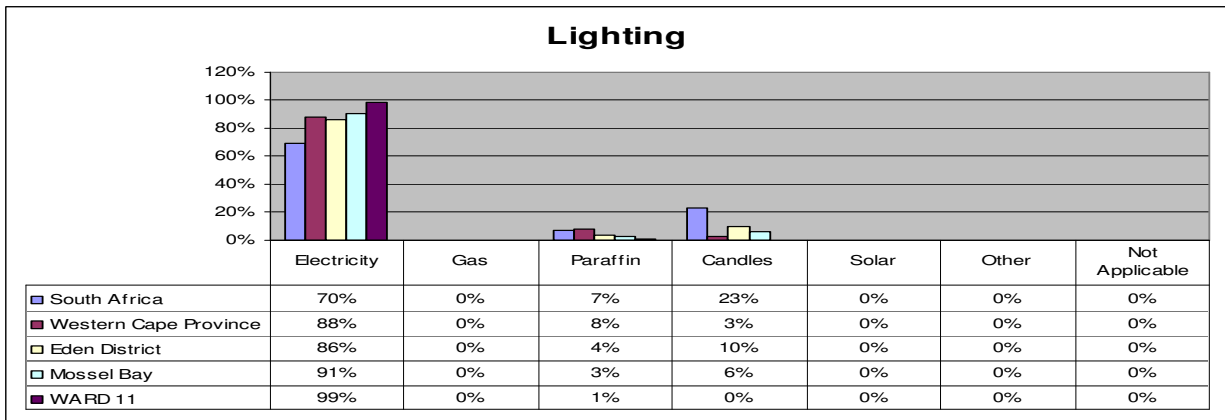
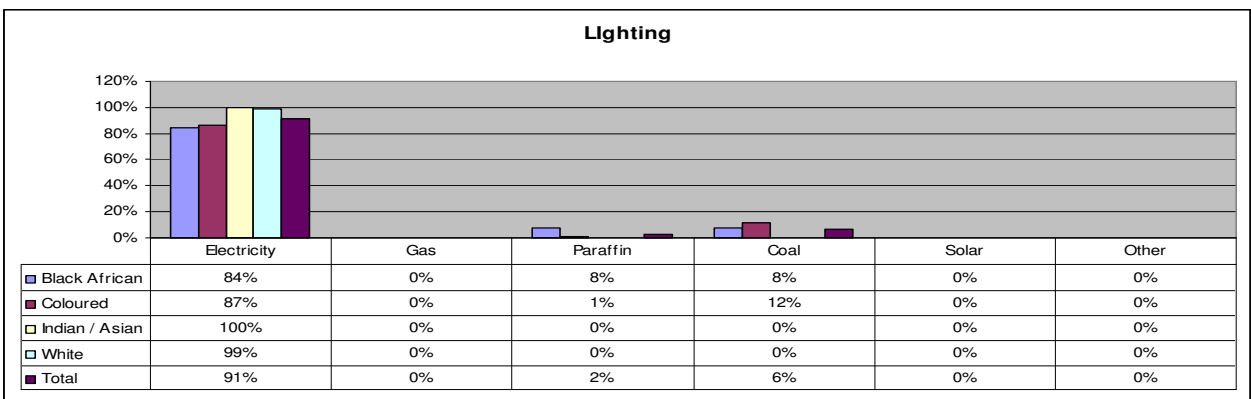


Figure 30: Sources of Energy for Lighting by Population Group in Mossel Bay



3.5.5 Refuse

Figure 31 shows that Refuse was removed once a week for 90% of Mossel Bay households, which is the same as provincially, and higher than the broader Eden District (82%). Those without weekly removal service mainly have access to an own refuse dump (8%), or a communal dump (1%) while 1% indicated no disposal facilities. Figure 32 shows access to refuse removal facilities to be reasonably equal between different population groups.

Figure 31: Refuse Removal

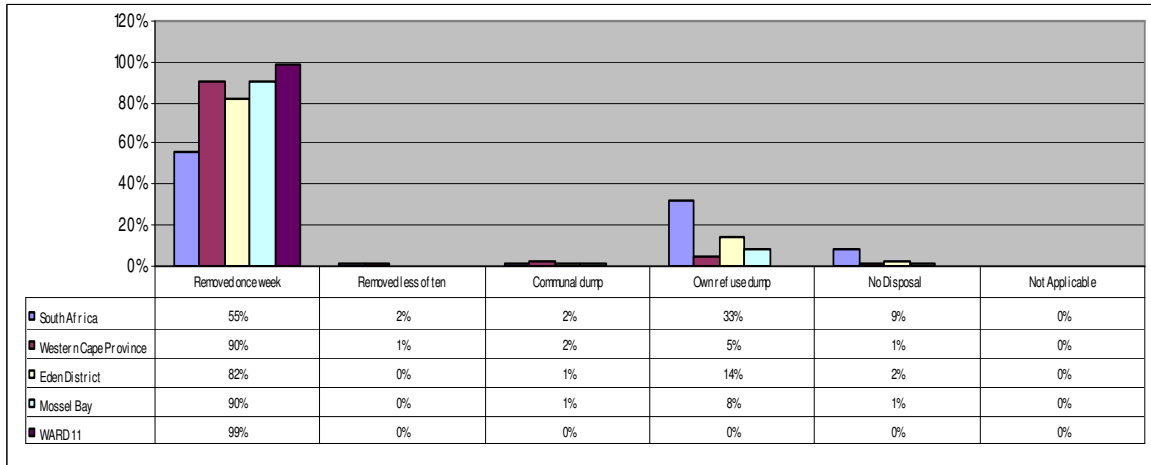
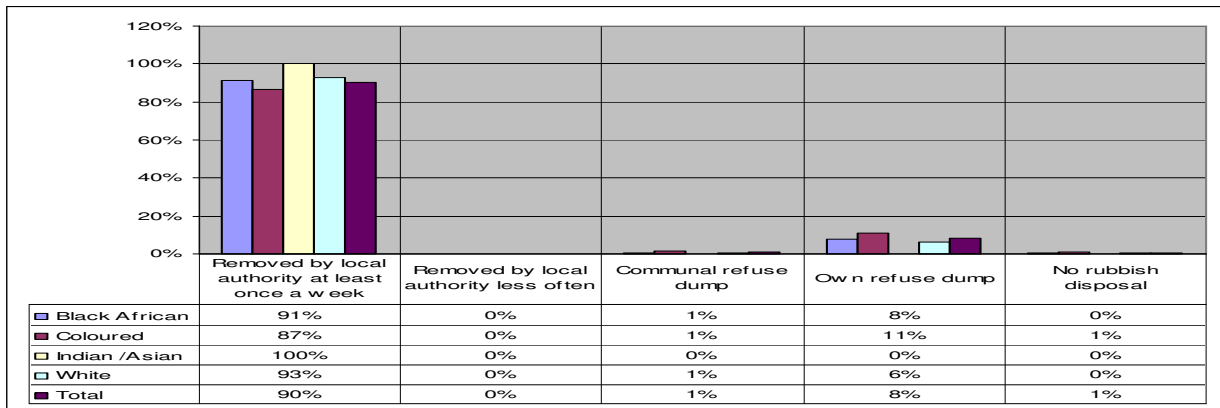


Figure 32: Refuse Removal by Population Group in Mossel Bay



3.5.6 Transport & Communications Infrastructure

Figure 33 shows that the largest proportion of the population in Mossel Bay, as well as elsewhere in the District and Province, cited 'on foot' as their most common means of transportation. This is again shown in

Figure 34 to be most common amongst the African and Coloured populations where this is the most common form of transport for over half of census respondents, followed by a smaller percentage travelling as passengers in cars or by public transport. Only 4% of Africans and 6% Coloureds cited transportation by car as drivers. By contrast 77% of the White population travel by car either as driver or passenger.

Figure 33: Transport Facilities⁸

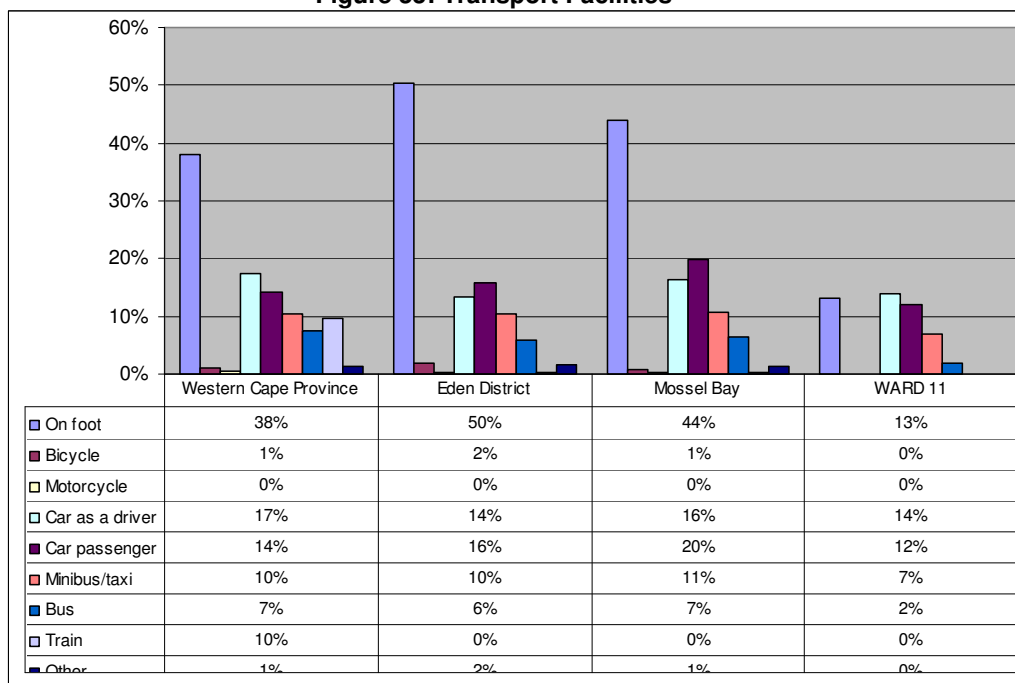


Figure 34: Mode of Transport by Population Group in Mossel Bay⁹

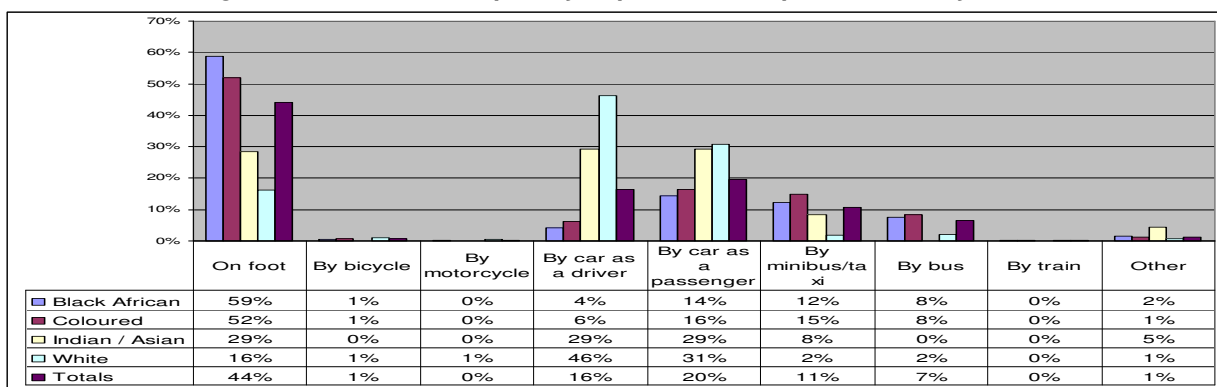


Figure 35 provides an overview of telephone access in Mossel Bay and Ward 11 as well as the broader Eden District, the Western Cape Province, and South Africa followed by a breakdown of access by population group in Figure 36. More than half of the African and 40% of the Coloured population can be seen to rely on access to a public telephone nearby, while 96% of the White population have telephones either in their dwellings or cell phones, or both (47%).

⁸ Note 'not applicable' category which applied to between 40% – 50% across all areas has been excluded.

⁹ Note 'not applicable' category which applied to between 40% – 50% across all race groups has been excluded.

Figure 35: Telephone Access

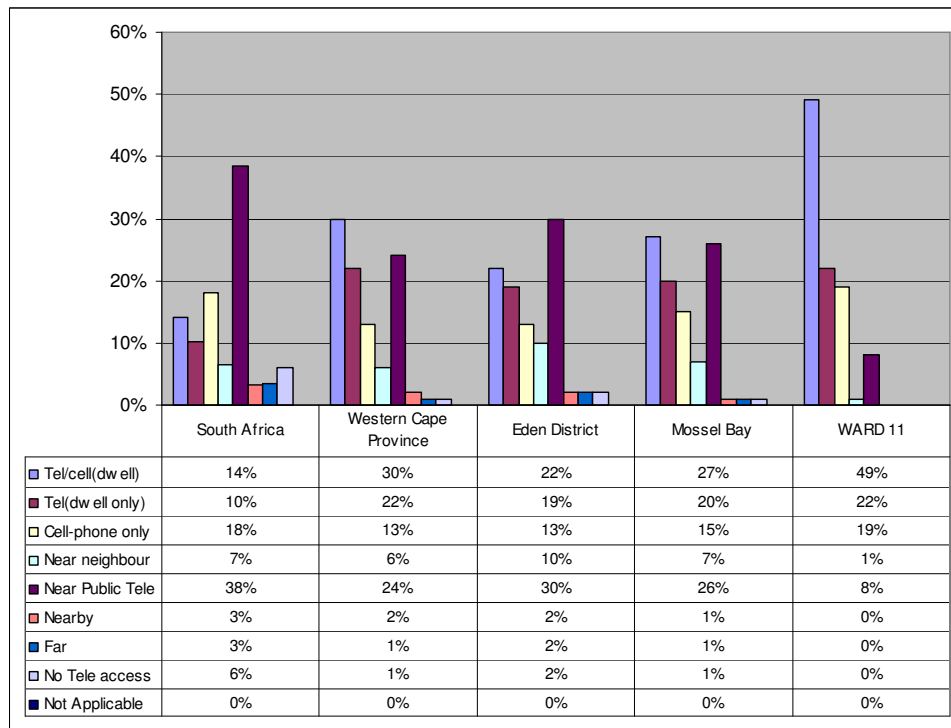
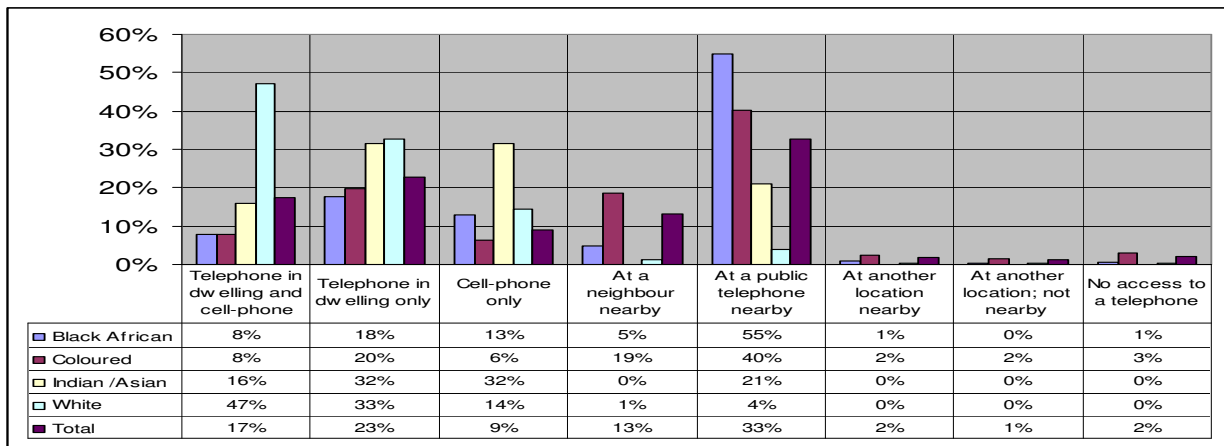


Figure 36: Telephone Access by Population Group in Mossel Bay



3.6 Summary of significant Indicators

- Institutional and Leadership Context
 - The lack of effective institutional leadership, and disputes concerning legitimacy of a number of community and business organisations who claim to represent the broader interests of the Kwa Nonqaba and surrounding communities should be considered when engaging in consultation with these representative structures.

- Population Size
 - Former Ward 11, reflecting the population within immediate proximity of the proposed Development, and including the neighbourhoods of KwaNonqaba and Jo Slovo as well as Dana Bay was comprised of approximately 46% Coloureds, 44% Whites, and 11% Black Africans in 2001. The African population showed significantly faster growth than other groups between 1996 and 2001 and can thus be expected to have increased proportionally since the last Census.
 - Subsequent indicators indicate vast disparities between population groups in Mossel Bay in general, indicating the population surrounding the site to be characterised by high levels of inequality.
- Age distribution
 - While the African population predominantly youthful, indicating rapid future growth, the White population is older, indicating slower growth into the future. This has important implications for social capital and cohesion, as the fastest growing sector of the population is also that characterised by the most severe shortages as shown in a range of socio-economic variables.
 - The high percentage of the African population in the age-group 15-34, which may be regarded as the youthful potential labour force, emphasises the need for employment opportunities for this group.
- Language
 - Although Afrikaans most commonly spoken language in the province and region, it is only spoken by 6% of the African population, 88% of whom are isiXhosa speakers.
- Education
 - Although levels of education in the Western Cape province as well as in Eden District and Mossel Bay are generally higher than national averages, great discrepancies exist between different population groups, with a greater percentage of the African and Coloured population having received no schooling, while the Indian and White groups have significantly higher percentages having attained tertiary or higher education.
 - In contrast to levels of education attained, the percentage of persons aged 15-24 not attending any educational institute is significantly higher in the Western Cape than Nationally, with the percentage attending school correspondingly much lower provincially than for South Africa as a whole. The Eden District and Mossel Bay region correspond closer to national levels although the percentage not attending any educational institution is still somewhat higher, and school attendance lower than nationally. School attendance is roughly similar between different population groups although slightly higher amongst Whites and Africans. It is important to note that,

although actual attendance may be similar, the standard of schools and consequently the quality of education available for different groups continues to sharpen disparities in actual educational attainment.

- Employment and Income
 - The disparity between population groups is particularly stark with relation to employment status, with the African population having more than double the percentage of unemployed persons (31%) than the Coloured group (14%), which itself is over three times higher than the corresponding percentage amongst Whites (4%).
 - The construction sector in Mossel Bay is responsible for a greater share of employment (14%) than elsewhere in the district (11%), province (7%), or country (5%). This sector is furthermore the one responsible for the greatest share of employment amongst the African population, a quarter of whom were employed in it according to the 2001 Census. The great emphasis placed by community stakeholders on the potential for local job creation presented by the Development during the construction phase needs to be understood in this context, in which this is the sector in which the greatest percentage of Africans in the region have some levels of skills and experience. This availability of potential local skills and experience in construction indicated by the socio-economic profile is crucial to consider in emphasising the importance of using local labour and, where possible, also suppliers and contractors.
 - While a third of workers in Mossel Bay were involved in elementary occupations in 2001, a further 15% had skills in crafts and related trades. Disparities are again great between population groups, with 42% of Africans and 41% of Coloureds in elementary occupations, compared to only 4% of Whites. Corresponding percentages for craft and trade are 22% of Africans, 16% of Coloureds, and 9% of Whites. The availability of potential skills that may be utilised during the construction of Phase 2 of the OCGT plant must again be stressed, and every effort made to use such skills where available, and work to further develop the local skills base amongst the fastest growing African, as well as the Coloured populations.
 - Income levels vary sharply between different population groups, with 78% of the African and 75% of the Coloured population earning an average individual income of less than R1 600 per month, compared to only 18% of both the White and Indian populations. Ten percent of households in Mossel Bay reported 'no annual income' in the 2001 census.
- Housing, services and infrastructure
 - Although almost three quarters of households in Mossel Bay resided in a 'house or brick structure on a separate stand' in 2001, this was only true for about half of the African population. A third of this group reside in 'informal dwellings in informal settlements, noting the prevalence of such settlements,

which have continued to grow in years since the census. This is particularly relevant to consider with respect to the development's potential to attract both labourers and job-seekers to the area, which could place further strain on existing townships' housing, infrastructure and services.

- While the 91% of households in Mossel Bay appear to have access to electricity, indicating this as their primary source of energy for lighting, alternative sources more commonly used for cooking and heating, probably due to financial constraints. These sources include paraffin (most common amongst Africans residing in townships) and wood (most common amongst Coloureds residing on farms).
- Access to transport and communications infrastructure is relevant to consider as this impacts on access to potential employment and business opportunities. In both cases again disparities are vast.
 - Over half the African and Coloured populations travel mainly 'on foot', followed by smaller percentages travelling as in cars passengers or use public transport. By contrast 77% of the White population travel by car either as driver or passenger.
 - More than half of the African and 40% of the Coloured population rely on access to a public telephone nearby, while 96% of the White population have telephones either in their dwellings or cell phones, or both (47%).

4 IMPACT ASSESSMENT

This section begins with an overview of policy directives that need to be considered in assessing the social impacts of a development of the scale proposed by the OCGT project. This is followed by a discussion of potential social impacts that could result from the proposed development, looking at both positive and negative impacts. Each impact is discussed by providing a description of the impact and issues that could affect it and noting parties to be affected. This is followed by an assessment of alternatives which, for this assessment, only considers the alternatives of the no-go option if the development does not take place, compared to the proposed alternative of the additional units being erected at Mossel Bay. The scope of this assessment did not include the alternative of additional units at the Atlantis site, which thus cannot be assessed at this level, although the nature of social issues and impacts can be assumed similar around the Atlantis site. A discussion of potential mitigation measures for each impact refers to means whereby positive impacts can be maximised, and negative impacts avoided, minimised or most appropriately managed. Each impact concludes with an impact rating based on extent, intensity and duration, which together determine consequence, also noting probability, to arrive at a significance rating. The methodology for calculating impacts is included in **Annex 3**.

4.1 Policy Directives

A number of national and local policy directives give guidelines regarding the assessment of a development of the nature proposed. This section provides a brief overview of national, provincial, district, and local directives to consider in assessing the impact of the OCGT Project on the prevailing social environment.

4.1.1 National Directives

National policy directives noted in this section are the country's macro-economic strategy plan of ASGI-SA, as well as a summary of relevant legislation that should be considered in project implementation to ensure the meeting of socio-economic objectives.

ASGI-SA

The Accelerated Shared Growth Initiative of South Africa (ASGI-SA) is the country's macro-economic response to high levels of poverty and unemployment through an emphasis on increased economic growth combined with social objectives of ensuring that such growth is shared equitably amongst the population through targeted initiatives aimed to improve the environment and opportunities for more labour-absorbing economic activities. "More broadly, we need to ensure that the fruits of growth are shared in such a way that poverty comes as close as possible to being eliminated, and that the severe inequalities that still plague our country are considerably reduced. Our vision of our development path is a vigorous and inclusive economy where production products and services are diverse, more value is added to our products and services, costs of production and distribution are reduced, labour is readily absorbed into sustainable employment, and new businesses are encouraged to proliferate and expand."(Mlambo-Ngcuka 2006)¹⁰

¹⁰ Media Briefing By Deputy President Phumzile Mlambo-Ngcuka 6 February 2006

Eskom's position on ASGISA

“The government has instituted a coherent national shared growth initiative aptly named Accelerated Shared Growth Initiative of South Africa (ASGI-SA). The government has through this initiative made a clarion call to several stakeholders to contribute in their own way towards the attainment of this economic growth target.

“It was recognised that the capital expansion projects undertaken by the various state owned enterprises could immensely contribute the achievement of the ASGISA objectives. Eskom, as a State Owned Enterprise, is supportive of ASGI-SA. Eskom is working with the Department of Public Enterprises (DPE) to develop strategies and models that will further enhance the company's ability to impact on the ASGI-SA objectives.

“Eskom's contribution to this initiative is to set local content, black economic empowerment (BEE, BWO and SME) and skills development targets as key evaluation criteria in tenders that it awards. ASGI-SA compliance will form part of the overall evaluation process for all Eskom's formal tenders.

“Existing Eskom policies are currently being refined in order to clearly set out the ASGI-SA Framework. In the interim a standard ASGI-SA Framework as set out in this brochure will be applied consistently in the evaluation of every invitation for tender. This brochure sets out the standard ASGI-SA Framework for inclusion in invitations to tender including the scorecard, definitions and guidelines for assessment.”

Eskom: Draft Response to Issues Raised By Siyaqala Business Forum

Eskom's BEE Procurement Policy, ESKADAAT6, is included in **Annex 4**, noting the company's commitment to ASGISA principles in terms of preferential employment.

Legislative requirements

Relevant legislation that should be taken into consideration in assessment of social impacts include:

- Broad Based Black Economic Empowerment Act (53 of 2003)
- Preferential Procurement Policy framework Act (5 of 2000)
- Construction Industry Development Board Act (38 of 2000)
- Promotion of Access to Information Act (2 of 2000)
- Labour Relations Act... (66 of 1995)
- Basic Conditions of Employment Act (11 of 2002)
- Skills Development Act (97 of 1998)
- *Other???*

4.1.2 Provincial Directives

Priority focus areas identified in the Western Cape Policy Framework, *iKapa elihlumayo*, can be summarized as follows:

- Building Human Capital with an emphasis on the youth
- Micro-Economic strategy (MES)
- Building Social Capital with an emphasis on the youth

- Strategic Infrastructure Investment
- A Spatial Development Framework (SDF)
- Co-ordination and Communication
- Improving Financial Governance
- Provincialisation of Municipal rendered services.

4.1.3 District Directives

Strategic objectives outlined in the Eden District Integrated Development Plan (IDP) are as follows:

- Good governance through institutional transformation, intergovernmental cooperation and public consultation to ensure accountability;
- Develop appropriate regional economy that ensures shared prosperity and sustainability;
- Create an enabling social environment that ensures safe, healthy and vibrant communities that participate actively in Eden;
- Ensure an effective and affordable service and infrastructure delivery in Eden to meet the needs of the people;
- Develop human & social capital by investing in women and youth development, and
- Sustain Eden environment through resource conservation, good land use practices & people-centred planning.

Specific Development Clusters and focus areas to which these objectives are to be applied according to the District IDP are summarised in Table 5 below.

Table 5: Development Clusters and Focus Areas

Development Cluster	Focus Areas
Governance & Institutional Development	<ul style="list-style-type: none"> • Human resource development • Corporate Governance • Skills Development
Finance and Resource Mobilization	<ul style="list-style-type: none"> • Financial management • Revenue maximisation • Resource mobilisation
Economic & Tourism Development	<ul style="list-style-type: none"> • LED • Community Skills development • Tourism • Resorts • Sports, Arts & culture
Community, Social and Human capital development	<ul style="list-style-type: none"> • DMA • HIV/ AIDS & TB • Disaster Management • Environmental health • Developmental planning • Primary Health Care services • Fire Fighting • Crime, Safety & Security

Development Cluster	Focus Areas
Infrastructure, Public Works and Transport	<ul style="list-style-type: none"> • Bulk infrastructure and service delivery • Extended Public Works Program (EPWP) • Public transport • Roads agency
Environmental management & Spatial Development-& planning	<ul style="list-style-type: none"> • Integrated Environmental Management • Spatial Development & planning • Rural Development • Land Reform • Integrated Human settlements

4.1.4 Local Directives

Core performance areas as identified in the Mossel Bay Municipality's IDP that should be taken into consideration in assessing the potential social and socio-economic impacts of any large-scale development such as the OCGT Project relate to:

- Development of new services and infrastructure
- Land and housing
- Economic development and tourism
- Governance and communication
- Spatial and environment
- Community development, education and health
- Community safety and security
- Sport recreation and culture
- Agriculture and rural development
- Local Economic Development

These focus areas can be considered in planning for appropriate Corporate Social Investment (CSI) initiatives in the region.

4.2 Positive Impacts

Potential positive impacts the proposed development could have on the social fabric of the local as well as regional and national social environment include provision of electricity, possible contribution to broad based black economic empowerment through employment creation, business opportunities and skills development, as well as possible benefits that could be attained through Eskom's Corporate Social Investment (CSI) initiatives, implemented through the Eskom Development Foundation (ESDEF).

4.2.1 Provision of Electricity

Description of Impact

“It must be noted that the major motivating factor for the project is the need to generate electricity to meet projected shortages in 2007. Wherever possible, economic benefits to local communities will be enhanced.” Response cited in Issues Trail of EIA for OCGT1

The purpose of the OCGT Plant is to improve the country’s capacity to provide for its increasing demands for electricity, particularly during peak flow periods. The most significant and most far reaching social impact will hence be the provision of electricity for the broader South African population as a whole. As the provision of electricity at a national level can be regarded as the prime purpose of the plant, and extensive investigations have been undertaken to indicate this need, this has not formed part of the scope of this assessment and thus this impact will not be discussed here in great detail, but does need to be considered in the broader context of social impacts.

Parties Affected

- National impact – population of South Africa

Assessment of Alternatives

Alternative	Assessment
No go option;	Increasing energy demands without sufficient capacity for the country’s main provider of electricity to supply the required output have already over the past two years been felt particularly in the Western Cape, and will become more frequent and widespread if sufficient means to address the problem are not implemented timeously.
Development as proposed	Improved capacity to provide for the country’s increasing demand or electricity.

Proposed Mitigation

- Ensure the timeous and efficient erection of the required plants to provide the required capacity of electricity to meet rapidly rising peak flow demand.

Impact Rating

Mitigation	Extent	Inten sity	Dura tion	Conse quence	Proba bility	Signifi cance	Status	Confi dence
Without mitigation	National	High	Long-term	Very High	Definite	Very High	+ive	Low
With mitigation	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A

4.2.2 Employment Creation

Description of Impact

The potential number of employment opportunities that may be created during the construction of additional units for OCGT Phase 2 can be estimated by looking at the number of workers who were involved in the construction of the first phase of the project. Table 6 below provides an approximate

summary of the total number of workers employed on the construction site during the construction phase of the OCGT 1 project. A detailed breakdown of numbers employed by the various contractors and subcontractors engaged in the can be found in **Annex 5**. The total number of workers on site during the construction period is noted as 620 persons, of whom 500, or 81% were classified as ‘locals’. Half of the workers on site were classified as Black African, 88% of these noted to be ‘locals’. Coloured workers accounted for just under a third of the total onsite labourers, and 84% of these were noted as ‘locals’. It must be noted that community stakeholders have questioned the definition of ‘locals’ used in such classification.

Table 6: Workers on site during OCGT Phase 1 Construction¹¹

Workers on Site		Number	Percentage
Workers	On site (total)	620	100%
Locals	(part of total)	500	81%
White	Total	112	18%
	Local	62	55%
Black	Total	313	50%
	Local	276	88%
Indian	Total	1	0%
	Local	1	100%
Coloured	Total	193	31%
	Local	163	84%

Employment can be regarded as a critical requirement for ensuring an improvement of livelihoods in the area. For this impact to truly be of benefit to the local population, emphasis must be placed on employment of local people as far as possible.

Some social factors that could however prevent local communities to optimally benefit from the potential employment opportunities to be offered by the development include the following:

- Lack of suitable skills and experience
 - Section 3.4.2 shows that the vast majority of the African population in Mossel Bay employed according to the 2001 Census were involved in the Construction industry, which indicates a certain availability of skills and experience in this sector amongst this group, although it is shown in Section 3.4.3 that the majority of both the African and Coloured population groups were engaged in elementary (unskilled) occupations. It was however noted during consultation that there are also a number of skilled craftsmen and people with higher levels of skills in these communities, as also indicated by the second largest occupational category of ‘crafts and related trades’, in which 22% of the African and 16% of the Coloured population were engaged in 2001. In many cases such people lack official qualifications, and requests have been made regarding the possibility of Recognition of Prior Learning, and accreditation of existing skills. A skills audit (see 4.2.4) is currently being undertaken by KWARA to determine the types and levels of existing skills available.

¹¹ Note that the numbers indicated here are based on figures for December for Roshcon Electrical as well as Roshcon Civils, while Siemens AG figures included in the calculations are from January 2007. Updated figures are awaited from Eskom.

- Community leaders have requested that higher level (i.e. above unskilled labour) employment opportunities be created on the project, particularly for the youth. This would have to be accompanied by appropriate skills development and transfer processes.
- Lack of access: transport & communication
 - Section 3.5.6 notes stark disparities in access to transport and communications infrastructure amongst the African and Coloured populations in Mossel Bay. Lack of access to transport renders residents of local townships entirely dependent on public transport (mostly in the form of taxis) and transport provided by employers, to gain access to places of work. Members of the Jo Slovo community noted that buses transporting workers to the Eskom and PetroSA site rarely if ever come as far as this community, stopping only in KwaNonqaba. It was noted that Eskom has appointed only one transport contractor, Brandt, who is coloured, thus effectively excluding Africans from access to the site. (By contrast PetroSA was noted to have approached all Coloured and African taxi companies in the area thus allowing for more equitable access to transport to site for all potential workers.)
 - Lack of effective means of communication further complicates potential job-seekers' access to employment opportunities as information about potential employment is rarely available to those who need it most. The issue of language has also been noted as a constraint during consultation, noting that project information has only been made available in English and Afrikaans, which, as shown in Section 3.2.3, is only spoken by a small minority of the local African population.

Parties Affected

- Successful job seekers (mainly construction phase)
- Labourers' households (for duration of construction).

Assessment of Alternatives

Alternative	Assessment
No go option;	No impact
Development as proposed	Impact as described – significance will depend on effective targeting of local labour and assistance in terms of skills development where required to improve local job-seekers' employability in this and future developments.

Proposed Mitigation

- Identify types and levels of employment that the Development could offer
- Appoint a local labour broker, to be identified in consultation with local community stakeholders.
- Assist community stakeholders with the compilation of a local jobseeker's database and skills audit. Refer contractors to database when sourcing local labour.

- Identify targets for BEE & local employment. Criteria for 'local' to be agreed in consultation with local community stakeholders
- Identify mechanisms to enable access to positions for local residents
- Reserve percentage of higher level positions for local employment
- Skills training to be undertaken where viable to facilitate employment. (See Skills Development)
- Location of appropriate transport providers who would be available to assist contractors in transporting workers from these sites
- Younger people tend to have higher levels of education and may stand in line for higher levels of employment. Opportunities for the employment of younger people should be maximized
- Investigate opportunities to maximise employment of women.

Impact Rating

Mitigation	Extent	Intensity	Duration	Consequence	Probability	Significance	Status	Confidence
Without mitigation	Regional	Low	Short-term	Very Low	Definite	Very Low	+ive	Low
With mitigation	Regional	Medium	Short-term	Low	Definite	Low	+ive	Low

4.2.3 Businesses Opportunities

Description of Impact

Representatives of local business organisations who have been engaging in consultation with Eskom have stressed the importance of emphasising local BEE procurement and ensuring local businesses are granted fair opportunities to tender for contracts.

Concerns have been raised about the lack of local BEE involvement in OCGT Phase 1, in which it is felt that initial promises made to use local suppliers were not kept. The additional units proposed for Phase 2 have been seen as an opportunity to correct past wrongs in this regard through more focused targeting of local BEE suppliers. Based on less favourable past experience however local businesses and community stakeholders remain somewhat sceptical about Eskom's commitment to complying with national legislation concerning broad based BEE and preferential procurement (see relevant legislation noted in Section 4.1.1.)

Table 7 below provides an overview of contractors (including labour brokers) used during the construction of Phase 1 of the OCGT project. A summary of workers employed by these contractors during the construction phase is included in **Annex 5**. This can be used as an indication of the types of contracting opportunities available on the project. The table includes reference to the contractors' BEE compliance, noting the majority to reflect positively in this regard. There have however been concerns from local community stakeholders regarding the real extent of BEE involvement and ownership in these companies, as well as the fact that they are not locally based.

Table 7: Contractors' used on OCGT 1 according to BEE status

Contractor	BEE Company
Roshcon electrical	
Roshcon	Yes
Capacity	Yes
Sectional poles	Yes
Stinger	No
Electrolyte	Yes
Tac plant	No
Siemens AG	
Kaefer raco/ m&r	Yes
Siemens ag	Yes
Siemens ltd	Yes
Dcd dorbyl	Yes
Lesedi	Yes
Scott steel	Yes
Sa five / rhm	Yes
Roshcon Civils	
Roshcon	Yes
Mosshire	Yes
Transand	Yes
Mcc	Yes
Workforce	Yes
Capacity	Yes
South cape	Yes

It has been noted during consultation that applications of local businesses to be registered on Eskom's supplier database have been submitted, but that no feedback has been received on such registration. The process involved in such registration has also been noted to be exceedingly complex, requiring extensive information which, for many local businesses from a disadvantaged background is difficult to obtain and adhere to, thus effectively excluding them from the types of business opportunities that could be presented by the project.

Another concern raised during consultation relates to notification of tenders, which community stakeholders claim has not been transparent, thus depriving them of information of available opportunities.

Eskom's procurement policy is included in **Annex 4**.

Parties Affected

- Contractors securing tenders and sub contracts
- (Local) entrepreneurs.

Assessment of Alternatives

Alternative	Assessment
No go option;	No impact
Development as proposed	Impact as described – significance will depend on effective targeting of and assistance local businesses to benefit from potential opportunities to be created in construction phase..

Proposed Mitigation

- Open tender processes – improved communication of tender opportunities
- Expedite process of registering local service providers on Eskom's procurement database
- Provide information regarding the types of business opportunities and economic spin-offs that may arise from the proposed development
- Identify targets for BEE & local procurement. Criteria for 'local' to be agreed in consultation with local community stakeholders
- Include basic business and entrepreneurial skills as part of a skills development component of the development.
- Participatory workshops in which interested members of local communities can be guided with regards to types of business opportunities that could arise.
- Investigate ways of enabling potential subcontractors from low-income areas to tender.
- Setting up linkages for small business loans, as well as small business skills training. In this regard the role of partnerships with other role-players who could assist in these matters, discussed in Section 5.2.4 should be considered.
- Identify institutions that could assist with provision of support to small businesses, including the possible identification of agencies that could assist with the provision of seed finance and entrepreneurial counselling.

Impact Rating

Mitigation	Extent	Inten sity	Dura tion	Conse quence	Proba bility	Signifi cance	Status	Confi dence
Without mitigation	Regional	Low	Short-term	Very Low	Definite	Very Low	+ive	Low
With mitigation	Regional	Medium	Short-term	Low	Definite	Low	+ive	Low

4.2.4 Skills Development

Description of Impact

It was noted during the EIA for Phase 1 that the types of skills that would be required during the construction phase include batch plant operators, ready mix truck drivers and skilled steel assembly workers. Unskilled work includes assistance with the pre-assembly of towers and general civil works.

Skills Development is cited amongst the key strategic development objectives of the Eskom Development Foundation (ESDEF). It has however frequently been noted during consultation taking place as part of the OCGT project that as there aren't large-scale employment opportunities associated with the project, opportunities for skills training of labourers for this project would be limited. While such opportunities directly related to employment on the OCGT project may be limited, the possibility of broader skills development initiatives as part of Eskom's commitment to Corporate Social Investment (CSI) should be investigated (Also see 4.2.5 below.)

The need for a skills audit to determine the local availability of skills that could be used on the development has been recognised by Eskom, who requested local community stakeholders to conduct such an audit. Although lacking in resources for the compilation of such an audit, the Kwa Nonqaba Resident's Association (KWARA) has initiated a process of compiling a database of local job seekers including reference to available skills. This database could be used as basis for identifying the availability of local skills, as well as skills needs that could be addressed through targeted skills development programmes.

A comment received during the EIA for Phase 1 requested that SALGA LED officer learners in the Mossel Bay Municipality be given exposure to project management during the construction phase, particularly with regard to site establishment, employment information desk, and community communication, with reference to the national skills development strategy. It was noted that these aspirant Project Managers LED Learner specialists are the future drivers of the Mossel Bay IDZ initiative and need exposure to Enterprise development and residual elements. This request was noted and it was suggested that a suitable motivation may be submitted to Eskom. Furthermore it was noted that Eskom has a strong commitment to the national skills development strategy, of which such an initiative would form a part. The potential for Eskom's to assist in strengthening local institutional capacity (noted in Section 3.1 to be sorely lacking) through the involvement of suitable candidates to gain exposure to enterprise development and business management in the manner suggested should be investigated. Such a process of skills transfer could have significant medium to long term positive impacts in enhancing social capital in the local environment.

Parties Affected

- Workers receiving training & employment
- Broader community – (skills audit?)
- Broader community – skills development initiatives as part of CSI (see 4.2.5 below)
- LED Learners - ???
- Broader community – improved leadership.

Assessment of Alternatives

Alternative	Assessment
No go option;	No impact
Development as proposed	Impact as described – significance will depend on effective targeting of local population for skills development and employment opportunities.

Proposed Mitigation

- Provide an indication of skills requirements for the Proposed Development. To include Construction as well as long-term Operational phase employment and skills requirements.
- Skills audit should to be conducted in local communities, including KwaNonqaba, Jo Slovo, Asla, D'Almeida. While Eskom has indicated that it would not conduct a full skills audit, it has requested community leaders to assist in compiling a database of local skills. This process has been initiated by KWARA. The database thus obtained could be used to assess local skills levels to identify potential areas in which skills development programmes could be undertaken.
- Identify specific focus areas for targeted intervention based on identification of skills requirements and existing skills within local communities
- Appoint appropriate service providers to design skills development programmes and conduct necessary training.
- Recognition for Prior Learning (RPL) – assess existing skills and provide qualifications as appropriate.
- Liaise closely with community and business representatives with regards to targeting of employment as well as skills development initiatives.
- Consider involvement of suitable candidates in project management activities in a process of skills transfer and mentorship.

Impact Rating

Mitigation	Extent	Intensity	Duration	Consequence	Probability	Significance	Status	Confidence
Without mitigation	Local	Low	Short term	Very Low	Possible	Insignificant	+ive	Low
With mitigation	Local	Medium	Medium-term	Low	Probable	Low	+ive	Low

4.2.5 Corporate Social Investment (CSI)

Description of Impact

Eskom has noted its commitment to social development, which is implemented through the Eskom Development Foundation (ESDEF). Background on ESDEF and Eskom's position on CSI and Sustainability, which can be viewed on Eskom's website, is included in **Annex 6**.

Eskom's position on CSI

“The Development Foundation is positioned as a vehicle for Eskom to deliver on its corporate social investment (CSI) objectives by providing support to economic and social projects through the vigorous promotion of support to registered small, medium and micro enterprises (SMMEs), particularly in communities where Eskom implements its capital expansion projects, as well as enhancing the quality of life in communities by supporting social projects.

“In the process of working towards the vision and strategic CSI objectives, the Development Foundation shall consider development grants for projects in disadvantaged communities in Eskom's capital development programme areas primarily; and support the objectives of government's Accelerated and Shared Growth Initiative for South Africa (ASGISA), namely:

- skills development
- job creation
- capacity building
- poverty alleviation”

http://www.eskom.co.za/live/content.php?Category_ID=614

The effective implementation of Eskom's CSI policy through ESDEF necessitates efficient communication and dissemination of information on opportunities available with local communities. The lack of efficient community leadership, noted in Section 3.1, has resulted in concern that, where ESDEF representatives have consulted with representatives from the local KwaNonqaba communities, such consultation has not been sufficiently inclusive, and that those claiming to represent the broader communities' interests are not in fact representative of all. This issue deserves more careful consideration to ensure sufficient consultation in future if adding to existing potential for conflict within the local communities, as well as between communities and Eskom, is to be avoided (see 4.3.3).

Parties Affected

- Successful grant applicants
- Broader Kwa Nonqaba and surrounding communities

Assessment of Alternatives

Alternative	Assessment
No go option;	No impact
Development as proposed	Impact as described – significance will depend on effective dissemination of information about possible assistance that can be accessed through ESDEF's activities, and extent of assistance available to local entrepreneurs and others to make effective use of such opportunities.

Proposed Mitigation

- Ensure appropriate communication channels to disseminate information about the types of assistance available through ESDEF.

- Eskom to take a pro-active stance in assisting community members to take advantage of its assistance through effective consultation with stakeholders on opportunities for assistance and how to access it.

Impact Rating

Mitigation	Extent	Intensity	Duration	Consequence	Probability	Significance	Status	Confidence
Without mitigation	Local	Low	Short-term	Very low	Possible	Insignificant	+ive	Low
With mitigation	Local	High	Medium-term	Medium	Probable	Medium	+ive	Low

4.3 Negative Impacts

It is important to recognise that, while the project's overriding aim is to improve provision of electricity for the broader South African population, this needs to be done with full consideration of impacts this has on the social environment within the local hosting community who cannot be expected to pay disproportionately for others' benefits.

Negative impacts the proposed development could have on the social environment of particularly the low-income communities immediately adjacent to it, which can be described as the host communities for the development, are discussed below. These include impacts that could result from an influx of labourers from other areas coming to reside in KwaNonqaba and surrounding areas, as well as an increase in more general in-migration to the area caused by the perception (if not reality) of job opportunities. This relates to the possibility of raised expectations amongst the local population as well as others choosing to migrate to the area with regards to possibilities of employment. Perhaps the most significant negative social impact relates to various types of social conflict that has already been seen to result from Phase 1 and which could escalate in Phase 2 if problem issues are not adequately addressed.

4.3.1 Influx of labourers

Description of Impact

An important concern that has been raised by KwaNonqaba residents is the housing of labourers employed by Roshcon (one of the main contractors on the OCGT 1 project) who have been brought from other areas in containers on open land behind the KwaNonqaba police station. This matter is currently under investigation by the project team in consultation with local community stakeholders who, at a workshop held on 13 February 2007, have agreed that they need to co-operate in addressing the concern. Concerns that have been raised in this regard must be taken into consideration in planning for the next phase of the development to ensure such an influx of labourers brought from other areas to reside in inappropriate housing conditions in local townships is not repeated.

The levels of vulnerability in Coloured and African townships in the area would increase significantly if a further influx of workers or work seekers (also see 4.3.2 below) occurs into their areas for the following reasons:

- Housing and infrastructure:

There is no land available in existing townships for new residents. (Section 3.5.1 shows a large proportion of particularly the African population to have resided in informal dwellings in informal settlements or squatter camps in 2001. Township residents note the informal settlements to have been and continue growing at a rapid rate).

Infrastructural concerns include possible problems with waste and sewerage disposal by informal squatters.

- Social integrity

The presence of construction workers from elsewhere could aggravate existing social problems, particularly alcohol and drug abuse.

An influx of construction workers often leads to the development of relationships between local women and workers from elsewhere. Often these men stay behind, or leave the women with children. Although men who enter local communities in this way are tolerated, this phenomenon is regarded as problematic for the maintenance of community ethos.

- Burden on local economy

An influx of workers increases the burden on the local economy, and especially on ratepayers.

- Crime

The homogeneity of communities keeps crime levels down. An influx of outsiders to the area may result in greater security concerns for neighbouring landowners and residents.

Parties Affected

- Local population in Kwa Nonqaba
- Labourers brought from outside
- Local municipality – increased pressure on housing and services.

Assessment of Alternatives

Alternative	Assessment
No go option;	No impact
Development as proposed	Impact as described. Housing of workers from elsewhere in local neighbourhoods has the double edged negative impact of emphasising lack of local job creation and adding pressure to already strained local infrastructure thus leading to increased social tensions and conflicts.

Proposed Mitigation

- Ensure that no workers' quarters should be allowed for the Development.

- Strategies to maximise local employment, which can in turn minimize the potential for an influx of labourers as well as job seekers to the area as a result of the development, can include the following:¹²
 - Identify in the environmental management plan and the tender documents the percentage of local labour that should be employed.
 - Identify which areas are considered to be “local”.
 - Skills audits to be conducted in local communities – KWARA has already initiated this process.
 - A local labour broker can be appointed (in consultation with local community stakeholders) to assist contractors in finding appropriately skilled local labour.
 - An environmental monitor should be appointed to ensure that only local labour is used. Local labour brokers and councillors can act as additional watchdogs to inform the monitor of breach of contract.
 - If the contractor does not adhere to the local labour agreement, the monitor reports the contractor to the Local Authority, which then terminates all building action until the situation has been rectified.

Impact Rating

Mitigation	Extent	Inten sity	Dura tion	Conse quence	Proba bility	Signifi cance	Status	Confi dence
Without mitigation	Regional	High	Medium-term	High	Probable	High	-ive	Low
With mitigation	Local	Medium	Short-term	Very Low	Improbable	Insignific ant	-ive	Low

4.3.2 Influx of job-seekers

Description of Impact

In addition to a possible influx of labourers, large developments are also known to attract numbers of hopeful job-seekers to an area in search of possible employment. This would be a cumulative impact to similar trends that have been noted in the area as a result of its rapid industrial development. The rapid growth of African and Coloured settlements, and particularly expansion of informal squatter settlements on the edges of these areas as a result of such influx is amongst the often overlooked impacts of developments on surrounding low-income communities. Such in-migration that can be expected to result from the Proposed Development, as expectations of possible employment rise in surrounding areas, can have several negative implications on the local population, including:

- Increased pressure on low cost housing provision, which is already under strain (see 3.5.1)

¹² Adapted from strategies proposed by Shakti Malan (2004) to minimise the impact of in-migration through maximisation of local employment in a Social Impact Assessment for the proposed Lakes Eco & Golf Reserve development in Swartvlei. Some of these strategies have been used by with some success by Hilland Associates in ensuring local employment creation in the Oubaii and Kraaibosch golf estate developments

- Competition for jobs as outsiders often provide cheap labour.
- An increase in the unemployed population becomes an economic burden for existing communities.
- Crime levels rise if population density and unemployment levels rise. The potential for crime can be exacerbated by the increased perception of inequality between the very wealthy and very poor, noted above.
- Increase in HIV/AIDS.
- The influx of foreigners has many negative repercussions for the social integrity of local communities. It can lead to community disintegration, the disintegration of families, the degradation of moral codes, and an increase in alcoholism, drug abuse and gangsterism.

Parties Affected

- Local population in Kwa Nonqaba
- Unsuccessful job seekers
- Local municipality – increased pressure on housing and services.

Assessment of Alternatives

Alternative	Assessment
No go option;	This impact is already perceived in area as a result of other developments and the perception of Mossel Bay as a growing industrialised urban centre with potential for employment.
Development as proposed	This could be considered a cumulative impact adding to perceptions of possible employment drawing people to the area in search of work.

Proposed Mitigation

- Maximise local employment according to strategies outlined above, ensuring appropriate criteria to determine 'local' (see mitigation for influx of labourers in 4.3.1 above.)

Impact Rating

Mitigation	Extent	Intensity	Duration	Consequence	Probability	Significance	Status	Confidence
Without mitigation	Regional	High	Medium-term	High	Probable	High	-ive	Low
With mitigation	Regional	Medium	Short-term	Very Low	Possible	Insignificant	-ive	Low

4.3.3 Social conflict

Description of Impact

The social environment in which the OCGT Development is taking place is characterised by high levels of poverty and unemployment (particularly amongst the African population), and stark inequalities between different population groups. This creates an atmosphere in which scarce resources and potential opportunities, particularly related to employment and other types of benefits

that may be associated with a development of the scale proposed, become the object of fierce competition within local communities. The lack of efficient institutional leadership structures (see 3.1) has led to the emergence of various locally based groups and organisations claiming to represent community interests. In the atmosphere of competition for scarce resources and fears of some benefiting over others, claims of legitimacy and representivity of such organisations are frequently disputed.

The legacy of past discrimination, much of which is perceived to continue, can still be felt acutely in local communities neighbouring the development site, with high levels of distrust between different population groups. Still persisting socio-economic disparities continue to deepen the divide between the White population and local African and Coloured communities, while competition and fears of scarcity amplifies conflict between the African and Coloured population groups, both perceiving the other to be 'relatively better off' in terms of access to opportunities.

Long years of effective exclusion from economic benefits has led to high levels of resentment amongst local communities. Experiences with large employers in the area (PetroSA was often mentioned as a point of reference during consultation) have reinforced such a sense of exclusion, particularly emphasised by the repeated experience of seeing outside labour brought in for work on large contracts while the majority of the local population are in desperate need of employment. While perceptions of Eskom's OCGT development were initially cautiously positive in the hope of employment and other benefits reaching the local population, the experience of Phase 1 in which expectations of such benefits were shattered has fuelled already highly flammable emotions of local residents, and particularly those claiming to represent local business and community interests. These representatives are predominantly well-educated and knowledgeable of national policies and legislation guiding Black Economic Empowerment, employment, and procurement practices. The perception that these have not been adhered to in Phase 1 of the OCGT development has led to rising levels of frustration and anger, leaving the local environment highly volatile and prone to potential eruptions.

The sense of exclusion felt by the local population has been intensified by the reality of actual exclusion from the general public participation process for the development. Although not consciously intended, such exclusion has been the result of inefficient methods used in public engagement, notably the exclusive use of English and Afrikaans (thus excluding the local isiXhosa speaking population) in documentation and dissemination of information about the project. Such forms of unintended exclusion are discussed in more detail in Section 5.1.1 below. Failure to effectively involve the broader community in consultation has resulted in a few key stakeholders, noting themselves to represent local community interests, becoming increasingly involved. It has been noted during consultation that while these stakeholders are particularly powerful in the local community context, they do not necessarily represent the broader communities' interests. Adequate identification of suitable 'community stakeholders' in an environment lacking in effective leadership as indicated above can be an arduous task, and the temptation to work with those who readily present themselves is great. It must however be noted that such involvement of only select individuals or groupings from an already highly fragmented and conflict ridden community can enhance perceptions of exclusivity, in turn increasing potential for conflict both within the local communities, and between communities and the perceived instigator of difficulties, in this case Eskom's OCGT Development.

Relations between local stakeholders and the project management team, who were initially tasked with communication with community stakeholders concerning issues of employment and procurement (see Section 5.1.1 below) have been strained throughout the construction of Phase 1 of the OCGT

development. High levels of distrust, increased by racial tension and cultural misunderstandings, have deteriorated throughout consultation processes as the vastly differing priorities of the project management team and local community and business stakeholders have been articulated. While the project management team have been under severe pressure to erect the plant, in line with Eskom's core purpose of providing electricity, local stakeholders have emphasised the need for compliance with legislation to promote local BEE benefits. Failure to communicate effectively on these issues from different, seemingly opposed but equally intense perspectives has led to an escalation of frustration from both sides. Numerous incidents of perceived racism and discrimination have been cited by community stakeholders. Misunderstandings that took place during a site visit of community stakeholders to the development site on 19 January 2007 (see **Annex 1**) have heightened such perceptions amongst the local community, increasing distrust towards project management.

While Eskom cannot be held solely responsible for existing leadership and communication challenges, as well as perceptions of injustice in the social environment in which it operates, its role as a major role player must be acknowledged and appropriate measures taken to avoid adding to existing conflicts. Failure to do so could lead to significant social upheaval in the greater Mossel Bay area. Representatives from both Siyaqala and KWARA have already indicated the probability of mass action from local communities in response to rising frustrations at not seeing sufficient commitment from Eskom (and PetroSA, with whom it is closely associated) to addressing socio-economic needs in communities immediately adjacent to the development site.

Parties Affected

- Local population of Kwa Nonqaba and surrounding areas
- Eskom site management and staff
- Eskom (repercussions and reputation)
- Broader Mossel Bay population.

Assessment of Alternatives

Alternative	Assessment
No go option;	Possible continued conflict over phase 1 as well as PetroSA and other industries in the area.
Development as proposed	This can be considered a cumulative impact as the frustrations currently felt by the local population towards Eskom has largely been the result of many years of perceived repression and unfair disadvantages, not benefiting from potential opportunities on projects to which they are direct neighbours. This frustration has become even greater in recent years since increasing legislation has specifically prescribed the manner in which such benefits should be extended to previously disadvantaged communities, yet in practice little has changed.

Proposed Mitigation

- Emphasise local job creation (4.2.2), business opportunities (4.2.3), skills development (4.2.4), and social investment (4.2.5).
- Optimising benefits to the local community, in terms of the above.

- Ensure inclusive consultation with a broad range of community stakeholders and representatives.
- Ensure appropriate methods of communication to reach all potential stakeholders, taking into consideration factors of language, lack of access to transport and communications infrastructure, and general exclusion from access to information of local host communities.
- Transparency in consultation with community stakeholders, ensuring resolutions taken at meetings are turned to action, and that issues are timeously addressed and dealt with.
- Appoint a Stakeholder Liaison Facilitator as assistant to the Project Manager on site (see Section 5.2.3).

Impact Rating

Mitigation	Extent	Intensity	Duration	Consequence	Probability	Significance	Status	Confidence
Without mitigation	Regional	High	Medium-term	High	Definite	High	-ive	Low
With mitigation	Local	Low	Short-term	Very Low	Possible	Insignificant	-ive	Low

4.4 Impact Summary

This section provides a summary of potential positive and negative social impacts the Proposed Development could have, first providing a summary of impacts and proposed mitigation measures, followed by a summary of impact ratings.

4.4.1 Summary of Mitigation

Table 8 below provides a summary of positive social impacts, noting measures whereby the benefits of these can be maximised.

Table 8: Summary of Measures to Optimise Positive Impacts

Impact:	Proposed Mitigation
Provision of Electricity (4.2.1)	<ul style="list-style-type: none"> • Ensure the timeous and efficient erection of the required plants to provide the required capacity of electricity to meet rapidly rising peak flow demand.
Employment Creation (4.2.2)	<ul style="list-style-type: none"> • Identify types and levels of employment that the Development could offer • Appoint a local labour broker, to be identified in consultation with local community stakeholders. • Assist community stakeholders with the compilation of a local jobseeker's database and skills audit. Refer contractors to database when sourcing local labour. • Identify targets for BEE & local employment. Criteria for 'local' to be agreed in consultation with local community stakeholders • Identify mechanisms to enable access to positions for local residents • Reserve percentage of higher level positions for local employment • Skills training to be undertaken where viable to facilitate employment. (See Skills Development) • Location of appropriate transport providers who would be available to assist contractors in transporting workers from these sites • Younger people tend to have higher levels of education and may stand in line for higher levels of employment. Opportunities for the employment of younger people should be maximized • Investigate opportunities to maximise employment of women.
Business opportunities (4.2.3)	<ul style="list-style-type: none"> • Open tender processes – improved communication of tender opportunities • Expedite process of registering local service providers on Eskom's procurement database • Provide information regarding the types of business opportunities and economic spin-offs that may arise from the proposed development • Identify targets for BEE & local procurement. Criteria for 'local' to be agreed in consultation with local community stakeholders • Include basic business and entrepreneurial skills as part of a skills development component of the development. • Participatory workshops in which interested members of local communities can be guided with regards to types of business opportunities that could arise. • Investigate ways of enabling potential subcontractors from low-income areas to tender. • Setting up linkages for small business loans, as well as small business skills training. In this regard the role of partnerships with other role-players who could assist in these matters, discussed in Section 5.2.4 should be considered. • Identify institutions that could assist with provision of support to small businesses, including the possible identification of agencies that could assist with the provision of seed finance and entrepreneurial counselling.

Impact:	Proposed Mitigation
Skills development/ transfer (4.2.4)	<ul style="list-style-type: none"> • Provide an indication of skills requirements for the Proposed Development. To include Construction as well as long-term Operational phase employment and skills requirements. • Skills audit should to be conducted in local communities, including KwaNonqaba, Jo Slovo, Asla, D'Almeida. While Eskom has indicated that it would not conduct a full skills audit, it has requested community leaders to assist in compiling a database of local skills. This process has been initiated by KWARA. The database thus obtained could be used to assess local skills levels to identify potential areas in which skills development programmes could be undertaken. • Identify specific focus areas for targeted intervention based on identification of skills requirements and existing skills within local communities • Appoint appropriate service provides to design skills development programmes and conduct necessary training. • Recognition for Prior Learning (RPL) – assess existing skills and provide qualifications as appropriate. • Liaise closely with community and business representatives with regards to targeting of employment as well as skills development initiatives. • Consider involvement of suitable candidates in project management activities in a process of skills transfer and mentorship.
Corporate Social Investment (CSI) (4.2.5)	<ul style="list-style-type: none"> • Ensure appropriate communication channels to disseminate information about the types of assistance available through ESDEF. • Eskom to take a pro-active stance in assisting community members to take advantage of its assistance through effective consultation with stakeholders on opportunities for assistance and how to access it.

Table 9 provides a summary of negative social impacts, noting measures whereby these may be avoided or ameliorated through appropriate mitigation.

Table 9: Summary of Measures to Minimise Negative Impacts

Impact:	Proposed Mitigation
Influx of labourers (4.3.1)	<ul style="list-style-type: none"> • Ensure that no workers' quarters should be allowed for the Development. • Strategies to maximise local employment, which can in turn minimize the potential for an influx of labourers as well as job seekers to the area as a result of the development, can include the following:¹³ <ul style="list-style-type: none"> ○ Identify in the environmental management plan and the tender documents the percentage of local labour that should be employed. ○ Identify which areas are considered to be "local". ○ Skills audits to be conducted in local communities – KWARA has already initiated this process. ○ A local labour broker can be appointed (in consultation with local community stakeholders) to assist contractors in finding appropriately skilled local labour. ○ An environmental monitor should be appointed to ensure that only local labour is used. Local labour brokers and councillors can act as additional watchdogs to inform the monitor of breach of contract. ○ If the contractor does not adhere to the local labour agreement, the monitor reports the contractor to the Local Authority, which then terminates all building action until the situation has been rectified.
Influx of job seekers (4.3.2)	<ul style="list-style-type: none"> • Maximise local employment according to strategies outlined above, ensuring appropriate criteria to determine 'local' (see mitigation for influx of labourers in 4.3.1 above.)
Social Conflict (4.3.3)	<ul style="list-style-type: none"> • Emphasise local job creation (4.2.2), business opportunities (4.2.3), skills development (4.2.4), and social investment (4.2.5). • Optimising benefits to the local community, in terms of the above. • Ensure inclusive consultation with a broad range of community stakeholders and representatives. • Ensure appropriate methods of communication to reach all potential stakeholders, taking into consideration factors of language, lack of access to transport and communications infrastructure, and general exclusion from access to information of local host communities. • Transparency in consultation with community stakeholders, ensuring resolutions taken at meetings are turned to action, and that issues are timeously addressed and dealt with. • Appoint a Stakeholder Liaison Facilitator as assistant to the Project Manager on site (see Section 5.2.3).

¹³ Adapted from strategies proposed by Shakti Malan (2004) to minimise the impact of in-migration through maximisation of local employment in a Social Impact Assessment for the proposed Lakes Eco & Golf Reserve development in Swartvlei. Some of these strategies have been used by with some success by Hilland Associates in ensuring local employment creation in the Oubai and Kraaibosch golf estate developments

4.4.2 Impact Rating Summary

Table 10 below provides a summary of positive impacts according to ratings followed by negative impacts in Table 11.

The most significant positive social impact of the proposed development will be provision of electricity for the broader South African population, in line with Eskom's core purpose.

While positive impacts related to the potential for employment creation, business opportunities, and skills development are limited in extent and duration, and rate low on the significance scale used in the quantification of impacts, the real significance of these potential impacts must be considered in the context of the receiving social environment, where the need for these impacts increases their relative significance to the local population. The sensitivity of these issues mean that, if not appropriately addressed to ensure measures to maximise local employment, as well as mechanisms to effectively communicate with community stakeholders about these issues, the severity of the potential negative impact of social conflict can be significantly increased. In turn mitigation for such potential conflict includes paying particular attention to adequately manage these potential positive impacts.

Another area in which Eskom's presence could positively impact on local communities is through its Corporate Social Investment (CSI) practices, implemented by the Eskom Development Foundation (ESDEF). Again the potential benefits of this impact can be maximised through appropriate consultation with community role-players to ensure the local population is aware of opportunities provided by ESDEF, and know how to apply for assistance.

Negative impacts relate to a potential influx of workers as well as job-seekers to the area, and an escalation of social conflict in what already appears to be divided local communities where competition for scarce resources leads to disputes amongst different groupings. These impacts can all be addressed with measures to visibly ensure maximisation of local benefit, which in turn requires appropriate consultation with local community stakeholder groups. The stakeholder consultation process is discussed in more detail in Section 5 below.

Table 10: Summary of Impact Ratings: Positive Impacts

Impact:	Mitigation	Extent	Intensity	Duration	Consequence	Probability	Significance	Status	Confidence
Provision of Electricity (4.2.1)	Without mitigation	National	High	Long-term	Very High	Definite	Very High	+ive	Low
	With mitigation	N/A	N/A	N/A	N/A	N/A	N/A	+ive	Low
Employment Creation (4.2.2)	Without mitigation	Regional	Low	Short-term	Very Low	Definite	Very Low	+ive	Low
	With mitigation	Regional	Medium	Short-term	Low	Definite	Low	+ive	Low
Business opportunities (4.2.3)	Without mitigation	Regional	Low	Short-term	Very Low	Definite	Very Low	+ive	Low
	With mitigation	Regional	Medium	Short-term	Low	Definite	Low	+ive	Low
Skills development/ transfer (4.2.4)	Without mitigation	Local	Low	Short term	Very Low	Possible	Insignificant	+ive	Low
	With mitigation	Local	Medium	Medium-term	Low	Probable	Low	+ive	Low
Corporate Social Responsibility (4.2.5)	Without mitigation	Local	Low	Short-term	Very low	Possible	Insignificant	+ive	Low
	With mitigation	Local	High	Medium-term	Medium	Probable	Medium	+ive	Low

Table 11: Summary of Impact Ratings: Negative Impacts

Impact:	Mitigation	Extent	Intensity	Duration	Consequence	Probability	Significance	Status	Confidence
Influx of labourers (4.3.1)	Without mitigation	Regional	High	Medium-term	High	Probable	High	-ive	Low
	With mitigation	Local	Medium	Short-term	Very Low	Improbable	Insignificant	-ive	Low
Influx of job seekers (4.3.2)	Without mitigation	Regional	High	Medium-term	High	Probable	High	-ive4.3.2	Low
	With mitigation	Regional	Medium	Short-term	Very Low	Possible	Insignificant	-ive	Low
Social Conflict (4.3.3)	Without mitigation	Regional	High	Medium-term	High	Definite	High	-ive4.3.3	Low
	With mitigation	Local	Low	Short-term	Very Low	Possible	Insignificant	-ive	Low

5 RECOMMENDED PLAN OF ACTION FOR STAKEHOLDER CONSULTATION

This section begins with an overview of the consultation process between Eskom and stakeholders to date, followed by a discussion on the emerging Stakeholder's Forum, before concluding with recommendations on a number of important issues to consider in future consultation.

5.1 Consultation to date

The consultation process between Eskom and local stakeholders regarding the first, and now the proposed second phase of the OCGT Project is summarised in **Annex 1**. The sections below briefly look at the process to date and examine the current status of the Stakeholder's Forum which is in the process of being established before identifying a number of constraints in the process.

5.1.1 Forum for stakeholder consultation and engagement

The process of consultation with local community stakeholders has undergone various transformations since its initiation as part of the EIA Public Participation process for Phase 1 of the OCGT Development. These are discussed below:

EIA Public Participation Process

The first consultation with community stakeholders concerning the OCGT Development formed part of the Public Participation (PP) process that took place as part of the EIA for Phase 1. This involved three Public Meetings held on 3 May, 13 June, and 15 September 2005. No representatives from local communities were present at the first 'key stakeholder' meeting. At subsequent meetings and in written comments received during the comment period for both the scoping and final assessments the Siyaqala Black Business Forum became increasingly involved, having registered as an Interested and Affected Party (I&AP). Siyaqala has since continued to take the lead in the frequent raising of socio-economic issues of BEE compliance and the need for local benefit throughout the engagement process.

While the PP process engaged in complied with legal requirements, concerns have been raised regarding the inclusivity of past (and present) processes of communication, most notably due to:

- Language – Information about the project, including BID documents and notices of public meetings, were published in English and Afrikaans only. Section 3.2.3 above shows that these languages cater for a very small minority of the African population, who have thus effectively been excluded from the engagement process.
- Notices of the project and public participation process have been published in local newspapers as required, but the extent to which these (Afrikaans and English) publications are accessible to the local African population is limited.
- Copies of project documentation were placed in the Mossel Bay and D'Almeida Libraries, but not in KwaNonqaba Library, thus again excluding this (immediately

neighbouring) community from access to information. An attempt was made to address this issue by placing a copy of the amended Scoping Report for Phase 2 in the KwaNonqaba, but due to misunderstanding of the library staff this copy was taken by one of the business representative organisations, and is thus no longer in the public domain.

Community 'hotline'

A community 'hotline' was established to obtain public input on matters pertaining to Phase 1 of the OCGT development. While the intention behind this initiative is commendable, its efficacy may be questioned. Reporting on the status of the 'hotline' in Environmental Liaison Committee (ELC) meetings indicate various complications with Telkom lines, and no comments or inputs received when the line has been operational. The issue of access to and cost of telecommunications, particularly in lower income communities, including those immediately around the development site who may be considered the most directly impacted, should be considered in designing the most effective means of communication with such potential I&APs.

Section 3.5.6 shows that a third of the Mossel Bay population's closest telephone access is 'at a public telephone nearby'. This is true for 55% of the African population, 40% of Coloureds, 21% of Indians, but only 4% of Whites (94% of whom have either a telephone in the dwelling, or cell phone, or both, compared to only 38% of Africans).

While the intention behind a community 'hotline' to obtain public input should be acknowledged, the reality of who has access to such a line (or not) needs to be considered in the design of more inclusive forms of engagement with local communities.

Project Management Office

During EIA consultation for Phase 1 of the OCGT project a request was made for

- An employment information desk which would be responsible for:
 - administering a database of local job-seekers and thus ensure local recruitment, as well as
 - assisting with SMME coaching and training programmes for local contractors to enable them to take full advantage from contract opportunities.
- A community liaison committee comprised of registered I&APs and responsible for liaising between local communities and the OCGT project team.

The response to this request was that

- The project management office would be responsible for liaison with the local community. The role of this office would be to match local skill with a contractor's need. The vendor list is managed by Eskom's commercial departments.
- The commercial business forum would aid businesses in understanding the registration requirements and assist with the completion of the relevant documentation for inclusion on the Eskom vendor list. Support would be provided in

terms of understanding the contractual requirements. However, training to undertake specific tasks required to execute the contracts would not be provided by Eskom.

It was subsequently found that the project management office, which was to be tasked with liaison with local communities, did not in fact have the required capacity to execute this responsibility effectively while focused on the reality of having to erect the plant itself. This effectively led to what appears to have been frequent misunderstandings and conflict between the project manager (focused on establishing the plant under strenuous conditions), and representatives from local black business organisations demanding visible compliance with BEE targets for employment and procurement to ensure socio-economic benefit to local hosting communities, characterised by high levels of poverty and unemployment.

The Record of Decision (RoD) required the establishment of an Environmental Liaison Committee (see below), but based on assumptions indicated in the responses above did not require a similar community forum. Failure to enforce such a forum tasked specifically with issues surrounding employment and procurement from the outset of the construction of Phase 1 led to much subsequent confusion as such issues have been relayed from one forum to another in what community members have started to see as a 'delaying tactic' by Eskom to avoid giving required responses and feedback to their requests and concerns.

Environmental Liaison Committee (ELC)

The ROD for OCGT Phase 1 required the establishment of an Environmental Liaison Committee (ELC) tasked to 'facilitate communication and co-operation among the local constituencies that the ELC members represent, local authorities, Eskom and the construction site staff.' The Terms of Reference (ToR) for this committee is included in **Annex 7**. While initial membership included representatives of the Dana Bay residential area, the local African and Coloured communities of KwaNonqaba and surrounding areas were not represented on this committee.

Siyaqala BEE Business Forum subsequently became involved in certain meetings at which socio-economic issues regarding BEE, SMME development, employment and business opportunities were discussed. As this diverged from the ELCs more general proceedings in which issues regarding technical design and environmental concerns prevailed, the suitability of this forum to discuss such issues was drawn into question. Regrettably a great deal of distrust had by this time been created through perceived conflict of interest (which may more realistically be described as disparate priorities of 'hard design' versus 'soft social' issues) between project management and local BEE business and community stakeholders.

5.1.2 Community Liaison Committee (CLC)/ Stakeholder's Forum

The need for a separate forum for engagement around socio-economic issues, particularly related to BEE policies, practices and implementation became apparent, and on 16 November 2006 a meeting was held with stakeholders to discuss issues of tenders, training, and business and employment opportunities, as well as the most appropriate forum in which these issues can be dealt with in the future. Eskom management representatives from Johannesburg facilitating this forum, including a newly appointed Stakeholder Advisor, have managed to regain some level of trust from local stakeholders, at least partially through improved

understanding based on language and cultural identification, versus the growing barriers that had emerged with (White) site management.

Function of forum

The Stakeholder's Forum's primary function will be to act as a channel of communication between Eskom and stakeholders from local communities surrounding the OCGT Development. It was noted at the meeting held on 16 November that the Stakeholder Forum should include both a:

- Supplier Forum – to address issues related to capacity building, training, employment and procurement, and
- Social Development Forum – to discuss issues pertaining to Eskom's social investment in local communities.

Terms of Reference

At the 16 November meeting community stakeholders presented Eskom with a proposed Terms of Reference (ToR) for a Stakeholders' Forum to represent local communities' interests in consultation with Eskom. Eskom in turn indicated that it was "in the process of developing a generic document which could be adjusted to suit the nature of the relation to each site." A subsequent meeting was held on 11 December 2006 with the stated purpose "to engage Kwa Nonqaba and surrounding communities to share information pertaining to the construction of the OCGT Plant." A response to the ToR was scheduled for the next meeting, which took place on 13 February 2007, where Eskom's generic document was submitted for review. Copies of both the ToRs proposed by the community, and Eskom's response are included in **Annex 7**.

Comments from stakeholders obtained during SIA consultation (see **Annex 2**) noted the document presented by Eskom to be directed at 'too high a level', not adequately addressing local concerns. Siyaqala representatives noted the document to be unrelated to that which they submitted to Eskom, and have requested a review to align these documents more closely to suit the local context. At the time of writing the process of finalising such a ToR for the Stakeholder's Forum, including detail on its composition and membership as well as structure and responsibilities, is still underway. While agreement must still be reached on certain issues, the more proactive approach to establishing an appropriate stakeholder forum to facilitate communication between Eskom and the OCGT host communities is acknowledged.

5.1.3 Constraints identified

A number of constraints that have hampered the process of consultation with stakeholders from surrounding communities are summarised below:

- Uncertainty regarding the most appropriate forum for consultation.
- Lack of effective internal communication within Eskom resulting in frequent delays and bottlenecks and a failure of information flow between various departments and to local community stakeholders.

- Lack of effective communication between Eskom and community stakeholders – failure to respond to telephone calls and emails. This, along with failure to respond to issues and concerns raised in meetings, is perceived by stakeholders as disrespect and a lack of commitment to social issues.
- Cultural misunderstanding and distrust leading to perceived disrespect and discrimination towards community members by site management.
- Lack of sufficiently inclusive public participation and consultation process leading to a sense of exclusion by local population of KwaNonqaba and surrounding settlements, the majority of whom know very little if at all about the proposed development to which they are the closest (and thus most directly impacted) neighbouring communities.
- Elective, exclusive communication with certain business (and other) representatives perceived not to represent the broader community interest.
- Lack of transparency in consultation and information dissemination.
- Un-kept promises in terms of local BEE employment and business opportunities in Phase 1, with no practical indications as to how these matters will be resolved in Phase 2.

5.2 Recommended Way Forward

This section provides a number of suggestions that may be used to improve the consultation process between Eskom and local stakeholders.

5.2.1 Stakeholder Forum

Ongoing consultation needs to take place to finalise the ToR for the Stakeholder's Forum.

The composition of this forum must still be finalised as part of the final ToR. Such composition should ensure that both business and more general 'community' or social interests are represented. Eskom representation should ensure that efficient responses can be given to questions and concerns raised by community members.

Although local ward councillors have expressed wariness of claiming to represent the local communities of KwaNonqaba and Jo Slovo townships (see 3.1.1), it could be wise to include them in the Stakeholder Forum consultation process, as such representation of their constituent communities really forms a crucial part of these councillors' responsibilities. Only through being called to fulfil this function might these councillors gain the necessary experience and exposure to more adequately equip them of this task, thus addressing the issue of institutional weakness identified in 3.1.

As agreed at the last Stakeholder's Forum meeting, held on 13 February 2007, regular and prompt feedback should be given regarding issues and concerns as well as questions raised by stakeholders.

Exact roles and responsibilities for such a forum will be clarified in its final ToR. It is recommended that the forum should also include a monitoring component whereby compliance with targets set

5.2.2 Transparency in Reporting and Monitoring

Issues that must be reflected in regular reporting at Stakeholder Forum meetings to ensure transparency of information flow include:

- BEE compliance with targets set for local employment creation and procurement
- Community and stakeholder consultation and engagement
- ESDEF's involvement in local development.

If targets are not met appropriate action will need to be taken to demonstrate Eskom's commitment to social development in its host communities.

Eskom's position on transparency:

"In order to present a balanced and understandable assessment of its position, Eskom is repeatedly striving to ensure that its reporting and disclosure to stakeholders is relevant, clear and effective. The Promotion of Access to Information Act No 2 of 2000 has been formulated to give effect to the right of access to information as enshrined in the Constitution. Eskom views this as not merely an issue of legal compliance, but rather an opportunity to deal with information management in a holistic and integrated manner.

"Eskom places great emphasis on fostering a culture of transparency and accountability and continues to subscribe to the principles of openness, integrity, accountability and responsibility to stakeholders."

Eskom Holdings Limited: "Manual in terms of section 14 of the Promotion of Access to Information Act No 2 of 2000." Published in *Government Gazette*, 13 February 2003

5.2.3 Local Stakeholder Liaison Facilitator (SLF)

The local social environment in which the OCGT development is taking place is one characterised by high levels of volatility and distrust as a result of severe disparities following years of enforced segregation. During the construction period for OCGT 1 relations between the project management team and local community stakeholders became severely strained due to a combination of differing priorities and a deeply ingrained sense of distrust based on the high levels of inequality between population groups as illustrated throughout Section 3. To address this issue of distrust and misunderstanding, which essential if the consultation process between project management and local stakeholders is to improve, it is recommended that a suitable local candidate be appointed as an assistant to the Project Manager in matters pertaining to consultation with local stakeholders.

The responsibilities of this person, who will be referred to here as a Stakeholder Liaison Facilitator (SLF), should include the following:

- Dissemination of information on employment and procurement opportunities
- Compilation and dissemination of information pertaining to employment targets and how these are met
- Liaising between local community stakeholders and Eskom representatives, including:
 - Project Management
 - Stakeholder Advisor
 - Supply Management (if necessary, although this could be dealt with through the Stakeholder Advisor if deemed appropriate)
 - ESDEF
- Serve on Stakeholder's Forum – (secretary?/ (vice?) chair?), to be tasked specifically with the following:
 - Minute meetings
 - Follow up on actions agreed on during meetings, to ensure appropriate responses are fed back to community stakeholders.

More detailed Terms of Reference for such a SLF can be agreed on in consultation with Eskom representatives as well as the Stakeholder's Forum.

Selection of a suitable candidate for such a position should receive special attention due to the highly sensitive local context to ensure impartiality. The suggestion made during previous consultation concerning the possibility of recruiting an LED Learner from the Local Municipality for this purpose may be considered.

Such local representation within the project management structure can be of great value in promoting a sense of 'ownership' of the project in hosting communities, serving towards the development of a shared vision between Eskom and the local population.

5.2.4 Partnerships

To effectively address the socio-economic needs of local hosting communities, an approach of partnerships with other organisations in the area is encouraged. Such partnerships could include non-government organisations (NGOs), private organisations, existing white businesses, parastatals and local government organisations. Issues that can be addressed through such alliances could include a co-ordination of efforts forming part of Eskom (and others') response to social investment in local communities, including skills development, training and capacity building. Functions.

6 CONCLUSION

This report has attempted to demonstrate that the OCGT Project, while primarily intended to provide electricity for the broader South African population, can have a number of unintended social impacts on the local communities in which it is situated. While the potential positive impacts of job creation, business opportunities and skills development are limited in extent, their significance should be considered in context of severe socio-economic disparities in which communities surrounding the development site are in great need of these impacts, thus increasing their sensitivity and significance in local perceptions. For this reason every effort should be made to maximise the potential benefits of these impacts through an emphasis on local involvement. Failure to adequately address these issues will increase the significance of converse negative impacts, related to an influx of labourers and job-seekers to the area, placing additional pressure on already scarce resources, and heightening social conflict in an already divided community and between the local communities and Eskom. While positive impacts related directly to the construction of the OCGT plant may be limited, Eskom's involvement in the area through its commitment to Corporate Social Investment (CSI), implemented through the Eskom Development Foundation (ESDEF) can make an important contribution to the local social environment.

The most important factor in management of both positive and negative impacts is appropriate consultation between Eskom and local communities. While such consultation has been hampered by various factors throughout the construction of the first units for OCGT 1, measures have been taken to promote more effective communication in the future through the establishment of a Stakeholder's Forum. Still some issues unresolved, but it is hoped that these will be addressed as part of ongoing consultation with this forum. Suggestions to build on this process relate to appropriate composition and functions of such a forum, the need for transparency in reporting and monitoring, appointment of a local stakeholder facilitator as assistant to the Project Manager, and the importance of partnerships to address local socio-economic needs through a united approach to social investment.

Annex 1:

Summary of Consultation Process for OCGT

January 2005 – February 2007

Table 1: Summary of Consultation with Community Representatives

Date	Meeting	Represented	Issues raised
3 May 06	Key Stakeholders Meeting (EIA PP)	<ul style="list-style-type: none"> ● Ninham Shand ● Environmental Partnership ● Eskom ● Mossel Bay Artisan Association ● PetroSA ● Landowners ● MB Environmental Partnership 	<ul style="list-style-type: none"> ● Questions re socio-econ/ employment issues: <ul style="list-style-type: none"> ○ What percentage of the skilled work on this project will be done by local labour? ○ What scope of craft would be available for SMME? <ul style="list-style-type: none"> ■ The issue of local labour will be addressed in the EIR.
13 Jun 05	Public Meeting (EIA PP)	<ul style="list-style-type: none"> ● ??? ● Ninham Shand ● Eskom ● October tradings ● Siyaqala ● <i>Other?</i> ● <i>No formal records available, but referred to in Issues Trail</i> 	<ul style="list-style-type: none"> ● Involvement of local communities <ul style="list-style-type: none"> ○ Request that local communities can be involved during the construction phase. <ul style="list-style-type: none"> ■ Noted. Eskom has indicated a commitment to social development. While a formal audit will not be undertaken, local contractors and labour will be identified to be skilled and utilised through the life of the project. The manner in which local labour is engaged will be undertaken as a separate drive by Eskom. Usually the transmission line contractor approaches the local municipality to assist with the recruitment of local skills. ● Duration of construction period? <ul style="list-style-type: none"> ○ +-18 months ● Legal compliance: <ul style="list-style-type: none"> ○ In terms of the Preferential Procurement Policy Framework Act, what are the employment and contracting opportunities during construction? <ul style="list-style-type: none"> ■ Noted. Eskom has indicated a commitment to social development. Local contractors and labour will be identified to be skilled and utilised through the life of the project. The manner in which local labour is engaged will be undertaken as a separate drive by Eskom. The detailed process will be described in the EIR. ● Incentives <ul style="list-style-type: none"> ○ Will there be future electricity incentives for investors in collaboration with local and provincial government <ul style="list-style-type: none"> ■ While incentives can be investigated, it should be noted that tariffs are determined by the National Electricity Regulator.
June 2005	Written responses to Draft Scoping	<ul style="list-style-type: none"> ● Siyaqala 	<ul style="list-style-type: none"> ● Local Employment <ul style="list-style-type: none"> ○ Economic benefits to the local community and SMME/ BEE participation pre- and post-construction must be clarified.

Date	Meeting	Represented	Issues raised
	Report		<p>participation pre- and post-construction must be clarified.</p> <ul style="list-style-type: none"> ○ The social benefits of job creation, training and skills transfer needs to be determined ○ What positions are designated to be filled by locals? ○ The economic impact study should determine the number and category of positions that will be filled by locals. <ul style="list-style-type: none"> ■ Noted. Eskom has indicated a commitment to social development. While a formal audit will not be undertaken, local contractors and labour will be identified to be skilled and utilised through the life of the project. The manner in which local labour is engaged will be undertaken as a separate drive by Eskom. Usually the transmission line contractor approaches the local municipality to assist with the recruitment of local skills. ○ The projection of economic benefits to local communities should be based on local economic research and conditions. ○ Where economic benefits to communities are the sole or major motivating factor for the project, all relevant economic modelling information must be provided. <ul style="list-style-type: none"> ■ It must be noted that the major motivating factor for the project is the need to generate electricity to meet projected shortages in 2007. Wherever possible, economic benefits to local communities will be enhanced. ○ Job creation must be determined and reported per component of the project. This must include data on permanent and temporary jobs and on the number of jobs per category (artisans, skilled, semi-skilled and unskilled). <ul style="list-style-type: none"> ■ Noted. Job creation will be discussed in the socio-economic impact assessment and presented in the EIR. However, as the scale of the proposed project is relatively small and it is not intended to provide an economic boost to the area, a micro-economic study, as is suggested here, is not believed to be appropriate. ○ The social impact assessment should consider applying labour intensive construction practices. <ul style="list-style-type: none"> ■ Noted. Where feasible (from a time and economic perspective), labour intensive construction practices will be considered. Eskom has indicated a commitment to social development. Local contractors and labour will be identified to be skilled and utilised through the life of the project. The manner in which local labour is engaged will be undertaken as a separate drive by Eskom. The socio-economic study will be described in the EIR. ● Skills Audit <ul style="list-style-type: none"> ○ A skills audit must be undertaken. ○ The skills audit must determine the availability of skills that may be required for the proposed project so as to determine the level of local employment that may be possible. A database of local skill is available from the Mossel Bay Municipality <ul style="list-style-type: none"> ■ Noted. Eskom has indicated a commitment to social

Date	Meeting	Represented	Issues raised
			<p>development. While a formal audit will not be undertaken, local contractors and labour will be identified to be skilled and utilised through the life of the project. The manner in which local labour is engaged will be undertaken as a separate drive by Eskom. Usually the transmission line contractor approaches the local municipality to assist with the recruitment of local skills.</p> <ul style="list-style-type: none"> ● Recruitment Strategy <ul style="list-style-type: none"> ○ The social impact assessment must include a recruitment strategy that comprises (i) a "local policy" to maximise employment opportunities taking into account the existing legislation and policies on professional procurement; and (ii) the communication strategy that will clarify the preference given to locals; (iii) the procedures to be followed by applicants and employers e.g. procedures for advertising jobs, for applying, and for notifying successful or unsuccessful candidates. <ul style="list-style-type: none"> ■ Eskom has indicated a commitment to social development. Local contractors and labour will be identified to be skilled and utilised through the life of the project. The manner in which local labour is engaged will be undertaken as a separate drive by Eskom. Eskom has indicated that at least 50% of the workforce would be sourced from local communities. The socioeconomic study will be described in the EIR. ● Training <ul style="list-style-type: none"> ○ The social impact assessment must describe the training and skills development proposals associated with the pre-construction, construction and post-construction phases of the project. This must include (i) the number of people to be trained; (ii) the status of training (accredited or not); and (iii) the qualifications that will be obtained. <ul style="list-style-type: none"> ■ Noted. However, as indicated above, there aren't large-scale employment opportunities associated with this project. Wherever possible, local labour will be utilised. Details regarding the number of local people, their training and possible qualifications that may be obtained will be presented in the EIR. The type of skills required include batch plant operators, ready mix truck drivers and skilled steel assembly workers. Unskilled work includes assistance with the pre-assembly of towers and general civil works. ● Exit plan <ul style="list-style-type: none"> ○ The social impact assessment must include recommendations regarding support in assisting temporary employees to access employment opportunities after construction is complete e.g. through liaising with local business organisations and community organisations. ● Procurement <ul style="list-style-type: none"> ○ Procurement requirements (importing services) must be described together with an analysis of whether these are available locally. The preferred areas from which the developer intends to procure services must be defined. Specific attention must be paid to the potential to procure goods and services from SMMEs, particularly those owned by HDIs and women.

Date	Meeting	Represented	Issues raised
			<ul style="list-style-type: none"> ■ There are a handful of South African transmission line construction contractors registered on Eskom's vendor list. It is possible that international contractors would be invited to tender. Regardless of what contractor is hired, at least 50% of the workforce would be local labour. The manner in which local labour is engaged will be undertaken as a separate drive by Eskom. ● Economic Assessment <ul style="list-style-type: none"> ○ Undertake a complete economic assessment of the proposed project including information on job creation, procurement, multipliers, business modules, based on at least a 10 year horizon. An economic model must be based on primary research in the Western Cape and should quantify the direct employment and revenue that will be created by the various components of the project. ■ A socio-economic impact assessment of the proposed project will be undertaken in the EIR phase. The results of the socio-economic study will be presented in the EIR. The scale of the proposed project is relatively small and it is not intended to provide an economic boost to the area. Hence a micro-economic study, as is suggested here, is not believed to be appropriate. ○ All sustainable development design parameters that are stated as having been incorporated into the design of the OCGT power plant must be included in the economic/ financial feasibility study. <ul style="list-style-type: none"> ■ Sustainability design parameters as described in the project documentation to date have been costed as a matter of course in the determination of financial feasibility. ● Employment projections and targets <ul style="list-style-type: none"> ○ The basis on which job creation projections are made must be provided. ○ Job creation must be determined and reported per component of the project. This must include data on permanent and temporary jobs and on the number of jobs per category (artisans, skilled, semi-skilled and unskilled). ○ The estimated rand value per service that will be procured from the local area must be provided. <ul style="list-style-type: none"> ■ Noted. This information will be discussed in the socio-economic impact assessment and presented in the EIR. ● BEE <ul style="list-style-type: none"> ○ The model or approach to be applied to facilitate Broad Based Black Economic Empowerment, with supporting information, must be provided in the economic impact assessment. Supporting information must include signed commitments from these BEE partners or participants. <ul style="list-style-type: none"> ■ Eskom's BEE policy will be presented in the EIR for public review.
15 Sep 06	Public Meeting (EIA PP) + subsequent	<ul style="list-style-type: none"> ● Ninham Shand ● Environmental 	<ul style="list-style-type: none"> ● Project's potential positive social impacts (Siyaqala): <ul style="list-style-type: none"> ○ The project will create long-term foreign direct investment and economic growth to the town

Date	Meeting	Represented	Issues raised
	written comments	Partnership <ul style="list-style-type: none"> ● Eskom ● Siyaqala ● Dana Bay Residents' Association ● PetroSA ● Private individuals 	economic growth to the town <ul style="list-style-type: none"> ○ The project will contribute positively to the alleviation of poverty and crime in Mossel Bay ○ It will create opportunity for community long term sustainable projects and contribute to corporate social investment. ○ They are pleased with Eskom's commitments to (1) broad based black economic empowerment; (2) construction sector transformation charter; (3) construction industry development board act; (4) petroleum resources development act; (5) petroleum liquid fuels charter; and (6) to corporate social investment. ○ The public participation process was transparent
Sep 05	Written Responses	<ul style="list-style-type: none"> ● Siyaqala 	<ul style="list-style-type: none"> ● Local employment & procurement <ul style="list-style-type: none"> ○ Supports the project on condition that Eskom compiles a skills database in the Mossel Bay area and then formulates a preferential employment and BEE procurement policy, known as "Mossel Bay First", to offer maximum benefits to local historically disadvantaged communities <ul style="list-style-type: none"> ■ Eskom is in the process of setting up a commercial business forum to allow local businesses to register themselves on the Eskom vendor list. A requirement of registration will be compliance with Eskom's BEE policies. ○ In terms of the policy, contractors must meet specific targets or face penalties <ul style="list-style-type: none"> ■ Eskom requires that their contractors meet local labour targets. The targets set depend on available and competent expertise, and would be monitored by Eskom. ● Consultation Forum: Employment Information Desk <ul style="list-style-type: none"> ○ To facilitate this process, Eskom must create an employment information desk to administer the database and recruit locals <ul style="list-style-type: none"> ■ The project management office would be responsible for liaison with the local community. The role of this office would be to match local skill with a contractor's need. The vendor list, described above, is managed by Eskom's commercial departments. ○ The employment information desk must also be tasked with SMME coaching and training programmes for contractors to take full advantage of contracts <ul style="list-style-type: none"> ■ The commercial business forum will aid businesses in understanding the registration requirements and assist with the completion of the relevant documentation for inclusion on the Eskom vendor list. Support will be provided in terms of understanding the contractual requirements. However, training to undertake specific tasks required to execute the contracts will not be provided by Eskom. ● Consultation Forum: Community Liaison Committee <ul style="list-style-type: none"> ○ A community liaison committee must be implemented before a record of decision is given. The committee would comprise only registered I&APs and be at the cost of the applicant. The committee must be established prior to land clearing or

Date	Meeting	Represented	Issues raised
			<p>construction commencing with terms of reference as mentioned in the OCGT draft scope report</p> <ul style="list-style-type: none"> ■ As described above, the project management office will be responsible for interactions with the local communities, once a positive Record of Decision has been received. The composition and functioning of any forums that are established will be formulated before construction begins. These would be based on the I&AP database and include appropriate terms of reference. ● Local Empowerment & Skills Transfer <ul style="list-style-type: none"> ○ SALGA LED OFFICER LEARNERS in Mossel Bay Municipality must be given exposure to project management of the project construction phase (as they are the aspirant future drivers of Mossel Bay IDZ initiative) particularly site establishment, employment information desk, and community communication, with reference to the national skills development strategy. Expose aspirant Project Managers LED Learner specialists to Enterprise development and residual element. Implement social equity with assistance from aspirant Project Managers LED Learner card; socio-economic score card and walking the talk reports ■ The request is noted and a suitable motivation may be submitted to Eskom Furthermore, it should be noted that Eskom has a strong commitment to the national skills development strategy, of which such an initiative would form a part. ● Tender notification <ul style="list-style-type: none"> ○ All contracts should be advertised in the Mossel Bay Advertiser <ul style="list-style-type: none"> ■ All contracts will be advertised in terms of Eskom's commercial strategy and advertising policies. Appropriate contracts will be advertised in the Mossel Bay Advertiser.
11 Jan 06	Stakeholder consultation	<ul style="list-style-type: none"> ● Eskom ● Roshcon ● Siyaqala BEE Business forum 	<ul style="list-style-type: none"> ● Consultation forum: Community Liaison Committee <ul style="list-style-type: none"> ○ CLC would be set up once site established ○ Fortnightly meetings – main contractors invited ○ I&APs would be notified of meetings ● BEE targets <ul style="list-style-type: none"> ○ Clause in Eskom contract re % local BEE, SMME, & BWO participation – penalties if not adhered to ○ Siyaqala request feedback on targets ● OHS <ul style="list-style-type: none"> ○ Compliance with Occupational Health and Safety (OHS) act? <ul style="list-style-type: none"> ■ Statutory requirement and all must act within this law. ● Employment expectations <ul style="list-style-type: none"> ○ Emphasise short-term (construction) employment only – operation to be remotely operated and require skeleton staff onsite.

Date	Meeting	Represented	Issues raised
			<ul style="list-style-type: none"> ● Capacity building <ul style="list-style-type: none"> ○ Roshcon note intention to do development training with persons employed to improve skills levels ● Tender process <ul style="list-style-type: none"> ○ Roshcon clarifies tender process
6 Apr 06	CLC Meeting	<ul style="list-style-type: none"> ● Eskom ● Ikageng ● Siyaqala ● Danabay residents' association 	<ul style="list-style-type: none"> ● BEE targets – labour breakdown <ul style="list-style-type: none"> ○ Breakdown of labour force from Ikageng would be made available at next meeting <ul style="list-style-type: none"> ■ Action: Vincent Perrier by 31 May ○ Siyaqala request feedback on targets for use of BEE & local labour from various contractors <ul style="list-style-type: none"> ■ Action: Beryl Blaeser – by 20 Apr ● Consultation forum <ul style="list-style-type: none"> ○ Propose combining CLC & ELC meetings. ○ Next ELC meeting 20 April
20 Apr 06	ELC Meeting	<ul style="list-style-type: none"> ● Eskom ● Nature Conservation ● PetroSA ● Ikageng Roshcon ● (no community representatives) 	<ul style="list-style-type: none"> ● Labour targets <ul style="list-style-type: none"> ○ Roshcon local labour target 20%; achieved 30%; document indicating this to be attached to minutes ● Consultation forum <ul style="list-style-type: none"> ○ ELC & CLC meetings to be combined in future ○ More community representatives should be involved in ELC.
25 May 06	ELC Meeting	<ul style="list-style-type: none"> ● Eskom ● Nature Conservation ● PetroSA ● Siyaqala ● Roshcon ● FAP ● ABB ● Dana Bay Conservancy 	<ul style="list-style-type: none"> ● Consultation forum <ul style="list-style-type: none"> ○ Various 'complex issues and questions'. Forum members to submit written requests at least 2 weeks before next ELC meeting. Chairman to ensure issues incorporated into agenda and appropriate responses prepared. ● Local BEE procurement & capacity building <ul style="list-style-type: none"> ○ How does Eskom w.r.t. specifications referring to learner skills that can be utilised? ○ Request to provide reconciliation between current situation and promises made in the EIA / EMP for the utilisation of local SME's. ○ Beryl will try to get the split between the Atlantis and Mossel Bay OCGT sites w.r.t. the BOP from Roderick Beckmann. ○ Does the appointment of subcontractors comply with Eskom policy regarding the BEE? ○ How does the OCGT Project team ensure that the Eskom BEE

Date	Meeting	Represented	Issues raised
			<p>Policy is implemented?</p> <ul style="list-style-type: none"> ■ Noted that responses to these issues cannot be given in writing unless it is approved by higher authority.
21 Jun 06	Meeting to discuss BEE requirements for OCGT Plant	Eskom	<ul style="list-style-type: none"> ● No records taken
	Response to questions about BEE matters.	Eskom: Calvin Keto	<ul style="list-style-type: none"> ● Eskom's 'draft response' (???) ● <u>Implementation (of) Eskom procurement policy ESKADAAT6 from black suppliers in terms of ASGISA and GIPSA:</u> <ul style="list-style-type: none"> ○ Eskom, as a State Owned Enterprise, is supportive of ASGI-SA. Eskom is working with the Department of Public Enterprises (DPE) to develop strategies and models that will further enhance our ability to impact on the ASGI-SA objectives ○ Eskom's contribution to this initiative is to set local content, black economic empowerment (BEE, BWO and SME) and skills development targets as key evaluation criteria in tenders that it awards. ASGI-SA compliance will form part of the overall evaluation process for all Eskom's formal tenders. ○ Existing Eskom policies are currently being refined in order to clearly set out the ASGI-SA Framework. In the interim a standard ASGI-SA Framework as set out in this brochure will be applied consistently in the evaluation of every invitation for tender. This brochure sets out the standard ASGI-SA Framework for inclusion in invitations to tender including the scorecard, definitions and guidelines for assessment: ● <u>Implementation of the following: (OCGT POrject). procurement scope of work and main contract. procurement packages and strategies</u> <ul style="list-style-type: none"> ○ The turbine island contract is the main package and the contract in respect thereof has been awarded Siemens AG. The balance of plant contract packages (awarded and to be awarded are set out in <i>Annexure 1 - purchasing for Open Cycle Gas Turbine project at Mossel Bay</i>) ● <u>Power Island (Local BEE contractual requirement of 10%)</u> <ul style="list-style-type: none"> ○ Balance of plant <ul style="list-style-type: none"> ■ This is as per <i>Annexure 1</i> referred to above. Information about the main contractors was shared previously and can be made available if required. ○ Capacity Building <ul style="list-style-type: none"> ■ It is envisaged that through procuring from local entities, there will be opportunities and scope to build the capacity of local businesses and suppliers. However, the local suppliers and businesses must themselves take the initiative, amongst others by, <ul style="list-style-type: none"> ● Being accredited vendors on the Eskom vendor list, ● Developing and supplying detailed profiles to Roshcon.

Date	Meeting	Represented	Issues raised
			<p>Lesedi and Siemens,</p> <ul style="list-style-type: none"> ● Putting in place appropriate systems and quality standards, ● Liaising with the relevant procurement offices regarding tenders, etc <ul style="list-style-type: none"> ○ Maximise BEE opportunities <ul style="list-style-type: none"> ■ Eskom has set BEE targets for its main contractors, namely, Siemens, Lesedi and Roshcon. These targets are incorporated in the contracts with these main suppliers. The BEE credentials of the sub-contractors used by the main contractors is verified by Eskom. These three main contractors have shared opportunities for BEE/BWO and further details are available on request. ○ Local labour involvement in Employment Equity and Skills Development Plan <ul style="list-style-type: none"> ■ Eskom's engagement with organised labour is regulated by its recognition agreement with organised labour, and is handled through existing participative structures. Labour related issues should thus be handled in terms of the processes set out in the recognition agreement.
22 Jun 06	ELC Meeting	<ul style="list-style-type: none"> ● Eskom ● PetroSA ● Siyaqala ● Ikageng ● Babcock Powerlines ● Dana Bay Conservancy ● Landowner ● NCC 	<ul style="list-style-type: none"> ● Public input <ul style="list-style-type: none"> ○ Community 'hotline' service in place. ● Information requested: <ul style="list-style-type: none"> ○ Detailed document defining Eskom's planned capacity building project. ○ Report indicating how local labour will be used and how BEE involvement is to be implemented. ● Tender process: <ul style="list-style-type: none"> ○ Noted that Eskom's tender advertising takes place only in select areas, so local businesses are not able to take part. ● Monitoring of local involvement: <ul style="list-style-type: none"> ○ Siyaqala BEE proposed that the ELC committee should remain in existence for 18 months after construction is completed. This is so that they can monitor local involvement with maintenance procedures.
10 Aug 06	ELC Meeting	<ul style="list-style-type: none"> ● Eskom ● PetroSA ● MEP ● Siyaqala ● ACP ● Roshcon, ● ABB 	<ul style="list-style-type: none"> ● Social assistance <ul style="list-style-type: none"> ○ Assistance offered to flood victims ● Public Input <ul style="list-style-type: none"> ○ Comments on community 'hotline' – no new messages ● Consultation process <ul style="list-style-type: none"> ○ Siyaqala BEE requested a public meeting between Eskom and the community. ○ Siyaqala BEE is not satisfied with the response from Eskom.

Date	Meeting	Represented	Issues raised
			<ul style="list-style-type: none"> ● EIA Compliance? <ul style="list-style-type: none"> ○ Are Eskom in line with the EIA regarding local labour workforce? ● Forum for discussion <ul style="list-style-type: none"> ○ Tonia suggested that Siyaqala BEE liaise with Eskom for a separate meeting to voice their concerns about BEE labour issues.
5 Sep 06	ELC Meeting	<ul style="list-style-type: none"> ● Eskom, ● MEP ● Siyaqala 	<ul style="list-style-type: none"> ● Consultation forum: BEE matters <ul style="list-style-type: none"> ○ There will be a separate meeting concerning BEE matters on the 18th of September as discussed with Eskom's Corporate Services. ● Public Input <ul style="list-style-type: none"> ○ Comments on community 'hotline' – no new messages ● Social Assistance <ul style="list-style-type: none"> ○ Assistance to flood victims
18 Sep 06	<i>Meeting to discuss BEE Matters noted on 5 September</i> <i>??? No records of such a meeting. Did it happen?</i>		
12 Oct 06	ELC Meeting	<ul style="list-style-type: none"> ● Eskom, ● DCA+DP ● Ninham Shand ● Dana Bay Conservancy ● DRA ● Siyaqala ● Babcock Powerlines 	<ul style="list-style-type: none"> ● Public input <ul style="list-style-type: none"> ○ Comments on community 'hotline' – waiting for Telkom to provide new line ● Social Assistance <ul style="list-style-type: none"> ○ Assistance to flood victims ● Consultation forum <ul style="list-style-type: none"> ○ Stakeholder consultation ○ Concern that means of managing work seekers, skills transfer & commercial expectations not functional. Requested that social scientist be appointed to undertake specialist study in this regard as part of EIA for additional units.
16 Nov 06	Meeting with Mossel Bay Stakeholders	<p>???</p> <p>(Musa Langa, Siyaqala, others?)</p> <p>(no record of attendance)</p> <p>???</p>	<ul style="list-style-type: none"> ● Prospects: <ul style="list-style-type: none"> ○ meeting to take place by end Nov to discuss issues previously raised. (11 Dec?) ● Tenders: <ul style="list-style-type: none"> ○ Local businesses feel discriminated against – no opportunities in OCGT 1. ○ Companies owned by black Africans not considered. ○ Commitment from Eskom that KwaNonqaba residents would be given opportunities – not realised – no projects. ○ Current & future subcontracting opportunities to be communicated. ○ Local businesses encouraged to expedite submission of supplier applications to Eskom

Date	Meeting	Represented	Issues raised
			<ul style="list-style-type: none"> ● Training: <ul style="list-style-type: none"> ○ Eskom previously promised assistance to small & emerging local businesses through training in quality management, business management etc, engaging specialists from Business Partners. ○ Small and emerging businesses desperately need developmental assistance. ○ Roshcon trained some local people to level one & promised further training which never materialised. ○ Sourcing of learners should start from local communities. ● Business & employment opportunities: <ul style="list-style-type: none"> ○ Progress report on the current project must be communicated including the identification of any available opportunities. ○ Managers on site are not committed or willing to assist Black Enterprises. ○ How many people will be required to operate the station and what are the skills required? ● Terms of Reference: <ul style="list-style-type: none"> ○ Eskom is in the process of developing a generic document which could be adjusted to suite the nature of the relation to each site. ○ Mossel Bay stakeholders will forward their expected items that must be covered in the terms of reference. ● Social Development Forum: <ul style="list-style-type: none"> ○ It was previously agreed with Eskom Management (Zandile Mjoli) that forums of this nature should be held at least once in two months. ● Supplier Forum: <ul style="list-style-type: none"> ○ An agreement was made with Eskom Management (Khumo Morolo) that supplier forums shall be held at least once in two months. ○ This forum should amongst other issues address: capacity building, training, employment etc. ● General: <ul style="list-style-type: none"> ○ Some of the available skills in Mossel Bay were sourced from outside. Eskom should monitor the hiring of labour by the main contractors. ○ There is currently no formal structure for sourcing labour. Labour is currently sourced from the gate and this considered a safety hazard. ○ Environmental Impact Assessment report was not shared with the local community. ○ The life span of the plant need to be communicated. ○ Community facilitation is required.

Date	Meeting	Represented	Issues raised
11 Dec 06	Mossel May Liaison Committee	<ul style="list-style-type: none"> ● Eskom, ● Siemens ● Roshcon ● Siyaqala ● NAFCOC ● BEF ● KWARA ● KWAYA ● Kwa Nonqaba Concerned Youth 	<ul style="list-style-type: none"> ● Purpose of meeting <ul style="list-style-type: none"> ○ To engage KwaNonqaba and surrounding communities to share information pertaining to the construction of the OCGT Plant. ● OCGT project update <ul style="list-style-type: none"> ○ Employment statistics presented shows significant local representation. ○ Concern re mechanisms to identify 'local' people for employment. Concern that people cited as 'local' do not necessarily originate from Mossel Bay area. ● Economic opportunities <ul style="list-style-type: none"> ○ Siemens notes types of services that could be sourced locally. ○ Roshcon gives summary of current local employment and notes need for paving contractors ○ (Lesedi not present) ● CSI <ul style="list-style-type: none"> ○ Presentation on CSI activities of Eskom Development Foundation (ESDEF). Social projects focused on Education, Health, Food security, Potable water provision, Sanitation. ● General <ul style="list-style-type: none"> ○ Query on skills & numbers needed to run OCGT plant. To be responded to in next meeting ● Proposed Action on: <ul style="list-style-type: none"> ○ Terms of Reference – Musa Langa ○ ESDEF's engagement in KwaNonqaba – Des Govender ○ Forward presentations to attendees – David Pule ○ Skills & numbers required to run plant – Krish Pillay
19 Jan 07	KWARA Site visit to Eskom OCGT Project	<ul style="list-style-type: none"> ● KWARA ● SANCO ● Disabled ● Youth Group ● Business Group 	<ul style="list-style-type: none"> ● Background <ul style="list-style-type: none"> ○ Perception amongst local communities that Eskom communicate exclusively with certain business representatives who do not represent the whole community ○ Other community representative structures have become involved in last stakeholder meetings, where concerns were raised about <ul style="list-style-type: none"> ■ lack of communication, ■ lack of local black recruitment ■ Only white-owned businesses benefiting from opportunities ○ Site visit arranged to examine on-site reality w.r.t. employment opportunities. ● Arrival at site <ul style="list-style-type: none"> ○ Following detailed arrangements with site manager, confusion arose on the day of the site visit when reports re site manager's

Date	Meeting	Represented	Issues raised
			<p>availability differed.</p> <ul style="list-style-type: none"> ○ Environmental Control Officer (ECO) was assigned to escort Community representatives (CRs) around the site ○ ECO not prepared for questions re employment and labour issues ○ No protective clothing arranged, so CRs could only walk around perimeter of fences, not actually gaining access to the site and the opportunity to speak to workers. ● Outcome <ul style="list-style-type: none"> ○ Site visit was ended ○ CRs felt unwelcome, disrespected and discriminated against. ○ ECO regrets issues of misunderstanding and miscommunication. ○ No follow-up communication between CRs and site office ○ Gap of cultural distrust and potential for social conflict widens.
8 Feb 07	Public Meeting (EIA PP)	● ADD	<ul style="list-style-type: none"> ● Purpose of Meeting <ul style="list-style-type: none"> ○ discuss amendments to Scoping Report for additional units ● Overview of EIA <ul style="list-style-type: none"> ○ Process overview ○ Summary of amendments ○ Specialist studies ● Discussion on Amended Scoping Report <ul style="list-style-type: none"> ○ Concern that initial Draft Scoping Report was never made available to all <ul style="list-style-type: none"> ■ Noted: I&APs registered from initial process notified. Additional I&APs will be registered. ○ Communication difficulties as project literature only in English and Afrikaans <ul style="list-style-type: none"> ■ Noted – NB docs, info & summaries to be translated into isiXhosa. ○ Suggestion to distribute information on pamphlets & through community representatives. ● Local Employment <ul style="list-style-type: none"> ○ Community was not sufficiently involved in Urban Econ's Economic Assessment for OCGT Phase 1. Socioeconomic issues such as local employment not effectively addressed. Local communities feel sidelined ○ Aim was not to sideline community. Stakeholder's Forum was established to deal with such issues of local employment and procurement. ● Training & Skills development <ul style="list-style-type: none"> ○ Need more info & commitment re plans for skills development

Date	Meeting	Represented	Issues raised
			<p>and training to optimise employment opportunities.</p> <ul style="list-style-type: none"> ● Consultation Forum <ul style="list-style-type: none"> ○ Perception that Stakeholder's Forum is operating effectively but general perception of lack of respect by Eskom for local communities. ○ Draft ToR being compiled by Eskom to discuss with stakeholders at next meeting of this focurm (13 feb). ○ Forum established specifically to deal with socio-economic issues raised. These issues will only be dealt with by the forum and not by outside parties. ○ Forum should not get stuck with technicalitie4s but strive to move forward positively, improve processes & manage more effectively. ○ Appeal for open communication & information sharing between all parties – ELC, Stakeholder Forum, Ninham Shand, communities & Eskom. ○ Community representatives invited to be involved in ELC & attend next ELC meeting (27 Feb). Invite any who are interested for site visit to become more involved. ● Site visit <ul style="list-style-type: none"> ○ Concerns raised of previous site visit undertaken by community members who perceived humiliating discrimination (see above) ○ ECO note misunderstandings & regret not having had relevant information requested by community. ● Way forward <ul style="list-style-type: none"> ○ Comments on amended Scoping Reports could be lodged until 26 February
Feb 06	Written comments	● ????	● <i>???? More relevant comments/ issues/ concerns in response to SR? Meeting? Other? From newest Issues Trail?</i>
13-Feb 07	Stakeholder's Forum Workshop	<ul style="list-style-type: none"> ● Eskom ● Roshcon ● BEF ● Siyaqala ● NAFCOG ● KWARA ● KWAYO ● Kwa Nonqaba Concerned Youth 	<ul style="list-style-type: none"> ● ToR <ul style="list-style-type: none"> ○ Issues of process and governance noted. Draft ToR provided by Eskom for comment – 2 weeks. ● Supply Management <ul style="list-style-type: none"> ○ Questions regarding procurement issues to be referred to Supply Management Division from which no representative present. ● Employment <ul style="list-style-type: none"> ○ Contractors to provide accurate employment breakdown. Only Siemens figures available. These are questionable w.r.t. 'local' employment as definition of 'local' is questioned. ○ Information on employment breakdown to be obtained from Musa Langa ● CSI <ul style="list-style-type: none"> ○ CSI policy and practices noted by Liz Dekker

Date	Meeting	Represented	Issues raised
			<ul style="list-style-type: none"> ○ ADD ● Skills Audit & Databases <ul style="list-style-type: none"> ○ Skills audit being conducted by community (lack resources for such a process – request assistance from Eskom) ○ Different databases for purposed of CSI and procurement/ employment noted. ○ Different databases between Eskom and contractors noted as concern. ○ Concern of Roshcon workers' housing in KwaNonqaba discussed. ○ Roshcon to consult with community leaders re appropriate means of integrating workers into Kwa Nonqaba community.

Annex 2:

Summary of SIA Consultation Process

January 2005 – February 2007

Table 2: Summary of meetings held during SIA Consultation Process

Date	Venue	Meet with:	From	Purpose of meeting	Outcomes	Documentation obtained	Subsequent results
20-Nov	Ninham Shand	B Lawson	Ninham Shand	<ul style="list-style-type: none"> ● Obtain background information on project. ● Obtain preliminary project documentation. To submit proposed scope of activities and quote 	<ul style="list-style-type: none"> ● Background understanding of project and purpose of assessment: <ul style="list-style-type: none"> ○ Identify gaps in U-E Economic assessment to fill with more 'socio' components; ○ Recommend plan for stakeholder consultation strategy. ● To submit quote and outlined scope for undertaking assessment. 	<ul style="list-style-type: none"> ● Draft Scoping Report for Phase 2 and ● Economic assessment done by Urban Econ for phase 1. 	<ul style="list-style-type: none"> ● Submit proposed scope and quote. ● Request to reduce based on assumptions of more limited scope).
09-Jan	Kwa Nonqaba Library	Community Representatives	Siyaqala, BEF, NOKENG ... (add from attendance list)	<ul style="list-style-type: none"> ● Introduction and purpose of SIA. ● Identify key community stakeholders to consult with. 	<ul style="list-style-type: none"> ● Informed of extensive (minuted) consultation process with Eskom since 2005. Agree that minutes would be obtained before next meeting for better background understanding. ● Next meeting scheduled for 22 Jan. To get minutes from Siyaqala representative. 	<ul style="list-style-type: none"> ● Terms of Reference submitted by community representatives to Eskom. Awaiting feedback. ● (other docs?) 	<ul style="list-style-type: none"> ● Phone calls from Siyaqala representatives noting they had spoken to David Pule from Eskom who had instructed them not to provide the requested minutes as he did not know about SIA. ● Speak to David Pule to try rectify this. ● Meeting with Siyaqala representatives to obtain requested info scheduled for 15 Jan.
11-Jan	George Spur	R Chippe	Eskom (???)	<ul style="list-style-type: none"> ● Introduction and background. ● Request information – minutes of previous meetings. Other? 	<ul style="list-style-type: none"> ● Get background to people involved in process. ● Musa Langa key person to liaise with. ● RC tried to get minutes of previous meetings from ML but hasn't managed to do so. 	ROD for Phase 1	
15-Jan	Mossel Bay Library	B Swartbooi	Kwara	<ul style="list-style-type: none"> ● Feedback on initial meeting ● Discussion on stakeholder consultation process. 	<ul style="list-style-type: none"> ● Concern that Eskom consultation process to date has not been inclusive. ● Eskom communicates only with certain Siyaqala representatives. ● Note that Siyaqala does not represent the broader community, but primarily certain business interests. ' ● Draft Stakeholder's Forum ToR submitted by Siyaqala was not drafted in consultation with broader community. 	Kwara Constitution	

Date	Venue	Meet with:	From	Purpose of meeting	Outcomes	Documentation obtained	Subsequent results
					<ul style="list-style-type: none"> ● Kwara represents broader community. 		
15-Jan	Mossel Bay Library	L Mayixhale; MJ Yantolo T Nofemele	Siyaqala	Obtain records of previous consultation to study background before ongoing SIA consultation.	<ul style="list-style-type: none"> ● Note David Pule doesn't want minutes provided. Call David Pule to try clear supposed misunderstanding. No success. Information must be obtained from Eskom. ● Meeting for 22 Jan cancelled as information requested has not been made available 		<ul style="list-style-type: none"> ● Numerous attempts to obtain required information – requests addressed to Musa Langa, Reggie Chippe, Beryl Blaeser, David Pule. ● Some promises but no results until Roderick Beckman is requested to assist. ● Obtain minutes from Musa Langa and Beryl Blaeser.
19-Jan	Ninham Shand	B Lawson & C Norman	Ninham Shand	Discuss progress	<ul style="list-style-type: none"> ● Note difficulties in obtaining relevant information from community representatives as Eskom representatives have instructed them not to co-operate. ● Assistance to be obtained from Eskom staff to obtain information. ● Assessment can only be completed following Stakeholder Forum Workshop still to be scheduled. ● Report will reflect difficulties in obtaining necessary information and consulting with community representatives. Recommendations can only be made within this context. 	Minutes of ELC meetings from Jo van Wyk.	<ul style="list-style-type: none"> ● Roderick Beckman is requested to assist in obtaining relevant information, which is subsequently provided. ● Call Jo van Wyk to enquire about community site visit. Get details for Hendrik Coetzer to contact re employment information.
???	George	H Coetzer	Eskom Health and Safety	Obtain indication of employment numbers, conditions, and recruitment practices.	<ul style="list-style-type: none"> ● Explained that labour brokers for big contractors (Roshcon, Siemens and Lesedi) responsible for recruitment. ● Get details of Hannes Botha (Roshcon) & Hennie Theart (Siemens) for more detail about employment breakdown 		<ul style="list-style-type: none"> ● Contact Hennie Theart (Siemens) – referred to secretary who provided the required information. ● Contact Hannes Botha (Roshcon) – Indicate information available – will need to come to office on site to collect. Meeting confirmed for 1 Feb.
01-Feb	OCGT site – Roshcon office	H Botha	Roshcon	Obtain info on employment breakdown as agreed over telephone.	<ul style="list-style-type: none"> ● Unfortunately information not available immediately. Get email address and agreement to send email with request, and that information will then be provided. ● Suggest Frank Stockenstroom as contact person for Lesedi Info. 		<ul style="list-style-type: none"> ● Send email to remind, and another, as well as phone calls. Promises made that information will be provided, but no response. ● Contact Frank Stockenstroom

Date	Venue	Meet with:	From	Purpose of meeting	Outcomes	Documentation obtained	Subsequent results
							(Lesedi) – referred to secretary, referred to 'Juha', who provides email address to send request to and agrees to provide information. Send email. No response.
01-Feb	Kwa Nonqaba library	L Mayixhale B Swartbooi	BEF Kwara	<ul style="list-style-type: none"> ● Initial purpose to <ul style="list-style-type: none"> ○ deliver Final Scoping Report and ○ discuss impacts based on minutes obtained. 	<ul style="list-style-type: none"> ● Phone call from Musa Langa in the morning to request meeting to be postponed, having indicated to community representatives not to provide information at this point. ● Meet with community representatives to <ul style="list-style-type: none"> ○ deliver FSR and ○ general discussion on matters of distrust. ● Note racial dimension of distrust, and need for appropriate African, Xhosa speaking consultant to improve trust and communication with community representatives. 	Report on community site visit from Bongani Swartbooi.	
08-Feb	Mossel Bay Library	Public Meeting	See attendance	Add from Minutes	<ul style="list-style-type: none"> ● Issues discussed(<i>See Stakeholder Consultation Table for detail</i>): <ul style="list-style-type: none"> ○ Purpose of Meeting <ul style="list-style-type: none"> ■ discuss amendments to Scoping Report for additional units ○ Overview of EIA ○ Discussion on Amended Scoping Report <ul style="list-style-type: none"> ■ Concerns re availability & language ○ Other Issues <ul style="list-style-type: none"> ■ Local Employment ■ Training & Skills development ■ Consultation Forum ■ Site visit ○ Way forward <ul style="list-style-type: none"> ■ Comments on amended Scoping Reports could be lodged until 26 February 		
13-Feb	Kwa Nonqaba Library	Stakeholder's Forum Workshop	See attendance	<ul style="list-style-type: none"> ● Feedback on previous meeting. ● Continue process of Stakeholder 	<ul style="list-style-type: none"> ● Issues discussed (<i>See Stakeholder Consultation Table for detail</i>) <ul style="list-style-type: none"> ○ ToR for Stakeholder Forum ○ Supply Management ○ Employment 	<ul style="list-style-type: none"> ● Draft ToR ● Requests from KWARA (submitted to 	<ul style="list-style-type: none"> ● Send request for employment breakdown info to Musa Langa – no response. <ul style="list-style-type: none"> ○ Follow up from Kuben Nair to

Date	Venue	Meet with:	From	Purpose of meeting	Outcomes	Documentation obtained	Subsequent results
	Library	Workshop		engagement.	<ul style="list-style-type: none"> ○ CSI ○ ADD ○ Skills Audit & Databases ○ Concern of Roshcon workers' housing in KwaNonqaba. 	<ul style="list-style-type: none"> ● Musa Langa). Employment breakdown to be obtained from Musa Langa. 	<ul style="list-style-type: none"> ○ enquire whether information has been received. Receive some figures from Roshcon. To be used in report in addition to information previously received from Siemens unless more accurate estimates obtained from Eskom. ● Meetings with community representatives for feedback on stakeholder's forum workshop and general consultation process.
20-Feb	Portao Diaz Hotel	L Jansen	NOKENG	Feedback on Stakeholder's Forum meeting.	<ul style="list-style-type: none"> ● Request greater transparency from Eskom in consultation process. Should be more inclusive. ● How will Eskom comply with <ul style="list-style-type: none"> ○ CIDB Act, ○ Presidential Procurement Policy Framework Act, ○ Broad Based BEE Act? ● Stakeholder Forum process should include monitoring of performance i.t.o. meeting employment and procurement targets, to be stipulated in accordance with said acts. 		
	Kwa Nonqaba Library	B Swartbooi	Kwara	Feedback on Stakeholder's Forum meeting.	<ul style="list-style-type: none"> ● Confirm that community (Kwara) and business (Siyaqala, BEF) representatives now communicate more fluidly and concerns previously raised over inclusivity are in the process of being resolved. ● Eskom's proposed ToR for SF too high level and not appropriate for local community concerns. ● Community skills audit has commenced – people registering with cv's. Note community needs and request for assistance through Eskom CSI. More feedback of Community meeting (14Feb) will be provided. ● Note rising frustrations of community with PetroSA, now OCGT 1, for not assisting local communities. Potential for OCGT 2 to address this problem. If this doesn't happen warn that pent-up frustrations could result in less peaceful action to demand greater 	<ul style="list-style-type: none"> ● 	

Date	Venue	Meet with:	From	Purpose of meeting	Outcomes	Documentation obtained	Subsequent results
					<p>justice i.t.o. employment and other benefits.</p> <ul style="list-style-type: none"> ● Need for partnerships with local organisations to mutually address socio economic needs. 		
	Kwa Nonqaba	Township Tour	KwaNonqaba and Jo Slovo residents	Deepen understanding of socio-economic conditions. Consult with local residents.	<ul style="list-style-type: none"> ● Note lack of employment opportunities and social infrastructure and low levels of living. ● Identify key community problems and needs, as well as perceptions towards Eskom. ● ADDD 		
26-Feb	Kwa Nonqaba Library	ADD	Siyaqala	Feedback on Stakeholder's Forum meeting.	<ul style="list-style-type: none"> ● A request on a clarification around the purpose and motives of the Stakeholder's Forum ● The SF should entail of representatives from the Social Development entity and the Economic Development entity. ● There has been changes in regards to the communication strategies, which the forum would follow. A clear and efficient communication structure should be devised, to enable sharing of information from the Forum to the community. ● In these meetings, Siyaqala will represent the Labour suppliers, Entrepreneurs and BEF. Then Kwarra and other related entities shall represent the Social Development. ● The last stakeholder's forum went well, and Musa is to circulate minutes from this meeting. ● Siyaqala mentioned that they do have a database from which they work with and from. They confirmed that Socio- Economic issues are fundamental. ● Mosselbay communities are able to provide many skills entailing to the sustenance of the Turbine Gas Project: e.g providing overalls, boots for the workers etc... ● It was commented that Eskom has not yet come forth with clear information on what they will be doing to qualify themselves within the BEE policy. ● It was discussed that the expanding potential of social conflicts is to be dealt with amiably and efficiently. 		

Date	Venue	Meet with:	From	Purpose of meeting	Outcomes	Documentation obtained	Subsequent results
	Kwa Nonqaba Library	???	Ward Councilors		<ul style="list-style-type: none"> ● Purpose of meeting <ul style="list-style-type: none"> ○ update around the OCGT project from the Socio-Economic research point of view ○ obtain indication of councillors perceptions and desired degree of involvement ● Councillors' interaction with communities <ul style="list-style-type: none"> ○ Councilors noted that they do not go into meetings as community representatives, but rather invite community members to a mass meeting where the community members elect people who will represent them in the other meetings. No meetings have been held yet in 2007. ● Councillors' involvement in OCGT <ul style="list-style-type: none"> ○ Noted that the councilors had not yet been invited to the Eskom meetings, and do not know much about what happens within the OCGT project. One member confirmed having received an invitation. ○ Note that the Social issues, Economic issues, and Entrepreneurship issues should be addressed through different structures. ○ Suggestion that a brief from Eskom around the OCGT project should be circulated amongst the councilors. ● Community representation <ul style="list-style-type: none"> ○ Concern around people who go into meetings claiming they represent communities, whilst they represent themselves was addressed. ○ Suggestion that people claiming to represent communities should have a letter stating that they have been nominated by the organizations they claim to represent. ○ The Municipality database can be used to double check the existence and status of organizations said to be represented. 		
	Kwa Nonqaba Library	Bongani Swartbooi	KWARA		<ul style="list-style-type: none"> ● Communication with Stakeholder Advisor (SA) <ul style="list-style-type: none"> ○ Appears as tho SA only communicates with certain community representatives (notably individuals from Siyaqala and BEF) ○ Numerous failed attempts by BS to communicate with SA – messages left not responded to. 	<ul style="list-style-type: none"> ● Comments on Stakeholder Forum Terms of Reference submitted by Eskom. 	

Date	Venue	Meet with:	From	Purpose of meeting	Outcomes	Documentation obtained	Subsequent results
					<ul style="list-style-type: none"> <li data-bbox="747 345 1413 428">● Notify of mass meeting to be held on 1 March to discuss Eskom OCGT project amongst other matters. Eskom management invited. 		

ANNEX 3:

Methodology for Assessing Impacts

Impact Assessment Methodology

The significance of all potential impacts that would result from the proposed project is determined in order to assist decision-makers. The significance rating of impacts is considered by decision-makers, as shown below.

- **INSIGNIFICANT**: the potential impact is negligible and **will not** have an influence on the decision regarding the proposed activity.
- **VERY LOW**: the potential impact is very small and **should not** have any meaningful influence on the decision regarding the proposed activity.
- **LOW**: the potential impact **may not** have any meaningful influence on the decision regarding the proposed activity.
- **MEDIUM**: the potential impact **should** influence the decision regarding the proposed activity.
- **HIGH**: the potential impact **will** affect a decision regarding the proposed activity.
- **VERY HIGH**: The proposed activity should only be approved under special circumstances.

The **significance** of an impact is defined as a combination of the **consequence** of the impact occurring and the **probability** that the impact will occur. The significance of each identified impact must be rated according to the methodology set out below:

Step 1 – Determine the **consequence** rating for the impact by **adding** the score for each of the three criteria (A-C) listed below:

Rating	Definition of Rating Score	
A. Extent	– the area over which the impact will be experienced	
Local	Confined to project or study area or part thereof (e.g. site)	1
Regional	The region, which may be defined in various ways	2
(Inter) national	Nationally or beyond	3
B. Intensity	– the magnitude or size of the impact	
None		0
Low	Natural and/or social functions and processes are negligibly altered	1
Medium	Natural and/or social functions and processes continue albeit in a modified way	2
High	Natural and/or social functions or processes are severely altered	3
C. Duration	– the time frame for which the impact will be experienced	
None		0
Short-term	Up to 2 years	1
Medium-term	2 to 15 years	2
Long-term	More than 15 years	3

The combined score of these three criteria corresponds to a **Consequence Rating**, as follows:

Combined Score (A+B+C)	0 – 2	3 – 4	5	6	7	8 - 9
Consequence Rating	Not significant	Very low	Low	Medium	High	Very high

Step 2 – Assess the **probability** of the impact occurring according to the following definitions:

Probability	– the likelihood of the impact occurring
Improbable	< 40% chance of occurring
Possible	40% - 70% chance of occurring
Probable	> 70% - 90% chance of occurring
Definite	> 90% chance of occurring

Step 3 – Determine the overall **significance** of the impact as a combination of the **consequence** and

probability ratings, as set out below:

Significance Rating	Consequence Probability
Insignificant	Very Low & Improbable
	Very Low & Possible
Very Low	Very Low & Probable
	Very Low & Definite
	Low & Improbable
	Low & Possible
	Low & Probable
Low	Low & Definite
	Medium & Improbable
	Medium & Possible
	Medium & Probable
	Medium & Definite
Medium	High & Improbable
	High & Possible
	High & Probable
	High & Definite
	Very High & Improbable
High	Very High & Possible
	Very High & Probable
	Very High & Definite
Very High	Very High & Probable
	Very High & Definite

Step 4 – Note the **status** of the impact (i.e. will the effect of the impact be negative or positive?)

Step 5 – State your level of **confidence** in the assessment of the impact (high, medium or low).

Depending on the data available, you may feel more confident in the assessment of some impact than others. For example, if you are basing your assessment on extrapolated data, you may reduce the confidence level to low, noting that further groundtruthing is required to improve this.

Step 6 – Identify and describe practical **mitigation** measures that can be implemented effectively to reduce the significance of the impact. The impact should be re-assessed following mitigation, by following Steps 1- 5 again to demonstrate how the Extent, intensity, duration and/or probability change after implementation of the proposed mitigation measures.

Step 7 – Summarise all impact significance ratings as follows in your executive summary:

Impact:	Consequence	Probability	Significance	Status	Confidence
Without mitigation					
With mitigation					

ANNEX 4:

Eskom BEE Procurement Policy: ESKADAAT 6

15 TABLE1: BEE RATING CRITERIA FOR SUPPLIER AND TENDER EVALUATION
10

16 ENVISAGED SUPPLIER EVALUATION CRITERIA AS FROM DECEMBER 2002 **11**

Finalised at MBPC Meeting 8/2002 held on 22 May 2002

1 SCOPE

Eskom's policy is to maximise purchases from Black or Black Empowering Enterprises (BEEs), whether Black Women-owned, Small or Large Black or Black Empowering Suppliers. The purpose is to promote entrepreneurship in Black communities and to give Black businesses access to the mainstream of business opportunity.

While supporting Black Suppliers in any sector of the economy, Eskom will concentrate its developmental efforts on Black Suppliers in the manufacturing, construction and mining/extraction sectors of the economy and providers of professional consulting services.

Each Eskom Group/Division or wholly owned subsidiary will implement and manage a program of procurement from Black Suppliers. These programs are commercially oriented and as such must be differentiated from other Eskom programs for Black Economic Empowerment which have a social upliftment orientation. The primary task of the procurement function in Eskom remains unchanged: to find reliable, cost effective suppliers for the enterprise.

This policy will be expanded in procedures or handbooks providing guidance on implementation.

2 MANAGEMENT COMMITMENT

Eskom's Management, as managers and as individuals, are committed to the direction given by them in this Directive. The Divisional Managing Directors and Senior General Managers personally set the targets for purchases from Black Suppliers and oversee the programs implemented in each Eskom Group/Division to ensure success. These executives must ensure that those involved in the programs have the needed human, financial and other resources. The success of the Black Supplier Procurement Program constitutes an important part of their respective performance compacts.

3 NORMATIVE DOCUMENTS

ESKADAAX1 : SUPPLIER MANAGEMENT IN ESKOM

ESKAVAAZ 6 : GUIDELINE TO SUPPLIER MANAGEMENT IN ESKOM

SAP PROTOCOL : VENDOR MANAGEMENT

ESKADABK 7 : PROCUREMENT BY ESKOM FROM BLACK WOMAN-OWNED SUPPLIERS

ESKAMAAE 8 : PROCUREMENT FROM BLACK SUPPLIERS BY ESKOM HANDBOOK

ESKADAABO PROCUREMENT OF ASSETS, GOODS AND SERVICES

ESKADABD7 SUSPENSION OF SUPPLIERS

4 DEFINITIONS

4.1 Black

South Africans previously classified as Blacks, Coloureds and Indians.

4.2 BWO – Black Women-owned Enterprise

A supplier with an annual turnover of R25 million or less and with Black Women ownership, risk and control of not less than 50% is termed a Black Women-owned Enterprise. It is also a (SME).

4.3 SME – Small and Medium Enterprise

A supplier with an annual turnover of R25 million or less and with Black ownership, risk and control of not less than 50% is termed a Small Black Supplier (SME).

4.4 BEE – Black Empowering Enterprise

A supplier with an annual turnover of more than R25 million and with Black ownership and risk and control of 10% to less than 50% is termed a Black Empowering Enterprise. The supplier must score at least 9 points on Table 1 with mandatory points on each of the following criteria: Ownership, Management, % Skilled Black Personnel and Procurement from Black suppliers.

4.5 Large Black Supplier

A supplier with an annual turnover of more than R25 million and with Black ownership, including investment risk and management control, of not less than 50% is classified as a Large Black Supplier

4.6 Disabled Person

A person who has a long-term or recurring physical or mental impairment that substantially limits his/her prospect of entry into, or advancement in, employment, is termed a disabled person.

4.7 Front

A supplier is termed a front if:

- Black partners are given shares without any payment.
- The “Black” company uses the non-Black surrogate company’s infrastructure without making any payment.
- The Black partner makes no meaningful contribution to the day to day running of the business.
- The Black owners' shareholding is linked to their employment conditions. i.e. Blacks forfeit shareholding when they cease to be employed by the company.
- The supplier’s market is limited to government and parastatals only.

The above definitions are not exclusive, and any other behaviour intended to hide the true nature of ownership and control will be viewed as fronting.

4.8 Non-Value adding

An enterprise is termed a non-value adding supplier if:

- It adds no value to the supply chain except for filling in a tender form, receiving an order and subsequently invoicing Eskom.
- It carry and market stock supplied by a traditional supplier. The traditional supplier guarantee stock and provide backup.

5 ORGANISATION

5.1 Management and co-ordination

The responsibility at corporate level for corporate policy and the management and co-ordination of corporate resources and of interfaces with the outside world, aimed at maximising the award of

business to Black Women-owned, Black and Black Empowering (BEE) Suppliers, vests in the manager of the corporate commercial function in Eskom. He/she appoints a Corporate Black Supplier Program Manager to fulfil this function.

5.2 Group/Divisional and regional personnel

The responsibility at Group/Division level for the organisation of Group/Division resources and of interfaces with the outside world, aimed at maximising the award of business to Black and BEE Suppliers vests in the Group/Division. The Group/Division appoints a Group/Divisional Black Supplier Program Manager, functionally responsible to the Corporate Black Supplier Program Manager, to execute the Group/Divisional Black Supplier Procurement Program. Guidance is found in ESKAMAAE8 "Handbook for Procurement from Black Suppliers by Eskom".

The Divisional Managing Director ensures that personnel responsible for the Group/Divisional Black Supplier Procurement Program, with functional and/or line responsibility to the Group/Divisional Black Supplier Program Manager, are deployed throughout the areas of activity of the Group/Division. These liaise closely with the local procurement offices.

5.3 Performance measurement and reporting

The Divisional Managing Directors ensure that Black Supplier procurement is included in the performance appraisal of all affected personnel (both procurement and operational personnel).

Performance measurement and reporting requirements are set out in directives from management from time to time. The flow of information and reports is co-ordinated by the respective Black Supplier Program Managers.

Key Performance Indicators are

- Amounts spent procuring goods or services from Black Women-owned, Black or Black Empowering Suppliers
- Expenditure on the Black Supplier Procurement Program.

6 ORIENTATION AND TRAINING OF PERSONNEL

The Divisional Managing Directors undertake to ensure the orientation of personnel to support the Black Supplier Procurement Program. This is included in normal induction programs for new personnel and in walkabouts and communications by the MDs and senior personnel.

The Divisional Managing Directors undertake to ensure that personnel are trained in the skills needed to execute the Black Supplier Procurement Program.

7 TREATMENT OF BLACK SUPPLIERS

7.1 Annual Expansion of Program

TO MAXIMISE PROCUREMENT OF PRODUCTS AND SERVICES FROM BLACK WOMEN-OWNED, SMALL BLACK AND BEE SUPPLIERS RELEVANT FUNCTIONS MUST ON AN ANNUAL BASIS IDENTIFY AND LIST ALL ITEMS AND SERVICES PROCURED FROM BLACK SUPPLIERS.

The line managers, Black Supplier management and the procurement function must then explore and identify new items and services that can be obtained from Black Women-owned, Black and

BEE suppliers, and draw up a program for sourcing such requirements from these suppliers. This may include developing new suppliers in terms of this policy.

The formal purchasing process as set out in this and other commercial directives and procedures must be followed at all times.

7.2 Hierarchy of Procurement

The following hierarchy must be followed in sourcing products and services, with preference given to manufacturers over stockists:

- Drawing from Eskom stores stock.
- Drawing off from existing compulsory Framework Agreements.
- Procurement from within Eskom Groups/Divisions
- Procurement from Eskom Subsidiaries
- Procurement from Black Women-owned Suppliers
- Procurement from Small Black Suppliers
- Procurement from Large Black Suppliers
- Procurement from Black Empowering Suppliers
- Procurement from other South African manufacturers
- Procurement from local stock holders of South African or imported assets and goods
- Direct importation.

Any use of non-value adding agents, Black or other, is avoided.

7.3 Procurement requirements

Black and BEE Suppliers will not be treated differently than the norm with regard to quality, expected service level, delivery, or any technical requirements.

When new business is being developed, however, the normal financial and commercial evaluation requirements may be temporarily relaxed, if this can be done without substantially endangering Eskom's interests.

A small Black business should not be denied listing as a supplier due to lack of a formal environmental policy and quality management system. Where construction, manufacturing or maintenance are involved the supplier will have to be qualified as to capability. In either case development assistance may be required.

7.4 Pre-Registration

Eskom's vendor master records will show the **business** status of suppliers, i.e. BWO (Black Women-owned), SMM (Small Black Supplier), BEE (Large Black or Empowering Supplier), EE (Eskom Subsidiary), OTH (other) and FGN (foreign). Classification as BWO, SMM or BEE testifies to the ownership, control and BEE programme of the firm, but does not imply capability

or capacity to do any work or to supply to any standard. The status will be accorded in terms of the Supplier Application Form as submitted by the supplier. The supplier will then be blocked on the VMS. The block will only be lifted after a thorough evaluation by qualified Black Supplier Programme personnel.

Each supplier is linked to one or more class codes, and when buyers need a particular item or service, prospective suppliers will be identified using the class code in the system. Where the class code implies that certain standards need to be met, e.g. quality, safety or environmental standards, the firm must be qualified according to those standards before it is linked to such a class code. Where a buyer searches the database on the class code and does not identify sufficient SMM or BEE suppliers, the buyer should request the Black Supplier Program or Supplier Management personnel to identify, qualify and classify possible Black suppliers.

State and State Owned Enterprises are not Black or BEE suppliers but are registered as OTH. The only exceptions are Universities and Technicons that were previously classified as Black or Homeland institutions, the list of which is available from the corporate Black Supplier Program manager.

7.5 Determination of ownership and/or control

Regardless of size of an enterprise ownership or control is to be determined first.

7.5.1 Close Corporation

In terms of close corporations percentage ownership is determined by funding (working capital) and not owner's contribution. Black ownership must be accompanied by day to day management decisions and sharing in the risk/gain to the extent of their ownership.

7.5.2 Listed Companies

Where a company is listed on the JSE, the ownership criterion is replaced by percentage of Black directors on the board of directors of the company, not regarding whether they are executive or non-executive.

7.5.3 Public and Private Companies

For a public/private company where Blacks bought a percentage of the shareholding as per Company Act of 1973 as amended at least ten (10) percent of the loan should have been repaid before the company can be assessed for registration as BWO, SME or BEE on Eskom's VMS.

7.5.4 Trusts

Ownership of a trust is determined not by the trustees but by establishing who the beneficiaries are. If the beneficiaries are Black, the ownership criterion is met and two points are given. Regardless of size in terms of turnover, all trusts must be assessed as per Table 1.

7.6 Advantage

In addition to support programs outlined elsewhere in this directive BWO, Black and BEE Suppliers will be afforded an opportunity to match prices within the parameters as set out in every enquiry. The hierarchy followed in price matching is Small before Large, in descending order. BWO businesses may match the prices of SME and BEE suppliers.

If a contracted enterprise no longer qualifies for support as a Black/BEE Supplier due to the changed parameters set out in this document, but not for any other reason, it will retain its status for the remainder of the contract period. The supplier must be blocked for RFQ and not for payment. If the enterprise wishes to tender for new business during this period it must firstly conform to the new parameters for it to be considered Black/BEE.

8 REPORTING

PURCHASES, WITH AN AUDIT TRAIL, FROM BWO, SMM AND BEE SUPPLIERS ARE SEPARATELY RECORDED AS SUCH AND REPORTED MONTHLY TO THE CORPORATE BLACK SUPPLIER PROGRAM MANAGER VIA THE GROUP/DIVISIONAL BLACK SUPPLIER PROGRAM MANAGERS.

BOTH DIRECT AND SECOND TIER PROCUREMENT EXPENDITURES ARE REPORTED. ONLY EXPENDITURE PAID TO ESKOM RATIFIED SUB-CONTRACTORS MAY BE REPORTED AS SECOND TIER PROCUREMENT. SECOND TIER PROCUREMENT VALUES WILL BE OBTAINED FROM SUPPLIERS. WHERE DOUBTS ARISE AS TO THE ACCURACY OF SECOND TIER VALUES ESKOM MAY REQUIRE A CERTIFICATE FROM THE SUPPLIER’S AUDITORS OR SOME OTHER FORM OF PROOF.

EXPENDITURE INCURRED IN TERMS OF THE BLACK SUPPLIER PROGRAM IS RECORDED AND REPORTED QUARTERLY TO THE CORPORATE BLACK SUPPLIER PROGRAM MANAGER VIA THE GROUP/DIVISIONAL BLACK SUPPLIER PROGRAM MANAGERS OR OTHER RESPONSIBLE PERSONS. THE NATURE OF THE DEVELOPMENT AND EXPENDITURE SHOULD BE DESCRIBED.

All values reported are VAT inclusive.

9 BEE STATUS EVALUATION

When applying for registration as suppliers, and again on every occasion when they submit a tender to Eskom, suppliers provide a statement of their ownership/control and internal Black Empowerment Program, which will be used in supplier assessment and in assessing tenders along with technical and commercial offerings. Table 1 below is used as the basis of this assessment.

Any changes to the make-up of the tenderer or to their Black Empowerment Program that will improve their BEE status but that occur after the tender closing date and time and before order/contract placement will not be taken into consideration in tender evaluation, even if these changes were under consideration at

the time of tendering. However, if a supplier loses its BEE status at any time, Eskom must be informed within seven (7) working days.

Areas that will receive specific attention during BEE status evaluation are:

- Black ownership/control
- Black management
- Skilled Black personnel as a percentage of all skilled personnel
- Purchases from Black & BEE Suppliers
- Black Female Management, and
- Employment of the Black disabled.

To establish whether a Large Supplier, that is a supplier with an annual turnover of more than R25m, qualifies as a BEE Supplier, a points rating system is used.

Large Suppliers with a rating of 9 or more will be deemed to be BEE Suppliers. To qualify as a Large BEE Supplier **at least one point** must be scored in the criteria for Black ownership, Black management, percentage of skilled Black personnel, and purchasing from BEE Suppliers.

Small suppliers, with an annual turnover of R25m or less, in manufacturing, construction, mining/extraction or management or professional consulting may request, in writing, that Eskom measure them according to the points system set out in Table 1 rather than by the ownership requirement. This will be at Eskom's discretion.

This rating will be updated with every tender received, and used in evaluating the tenders, taking economic value to Eskom and the economy at large into consideration. This rating will also be used in formal supplier performance appraisal meetings.

Only Black Supplier Program personnel may qualify a supplier as BEE and register it as such on the Eskom Vendor Master.

10 LARGE BLACK SUPPLIERS VERSUS LARGE BLACK EMPOWERING SUPPLIERS

A supplier with an annual turnover of more than R25 million and with Black ownership, including investment risk and management control, of not less than 50% is classified as a Large Black Supplier. This classification will be taken into account only when price matching is considered.

A Large Supplier with a rating of 9 or more points is registered on the vendor management system as BEE, but a Large Black Supplier takes precedence over a Large Black Empowering Supplier in price matching.

11 SMALL BLACK SUPPLIER PROCUREMENT PROGRAM

A supplier with an annual turnover of R25 million or less and with Black ownership and risk and control of not less than 50% is termed a Small Black Supplier (SME).

11.1 Support Program

The support program entails:

- **SETTING ASIDE, FOR BWO AND/OR SMES ONLY, CERTAIN TENDERS IN PART OR IN WHOLE. LARGE BEE AND OTHER FIRMS WILL NOT BE ALLOWED TO TENDER.**
- **SETTING ASIDE, FOR BEES ONLY, CERTAIN TENDERS IN PART OR IN WHOLE. OTHER FIRMS WILL NOT BE ALLOWED TO TENDER.**
- Negotiating with BWO or SMEs only, using estimated costs as the basis.
- **PERMITTING PRICE MATCHING AS STIPULATED IN THE ENQUIRY**
- Providing Tender Advice Centres or similar functions to provide assistance and training on how to tender.
- Arranging for expedited payment, i.e. within 15 days of receipt of invoice, to **BWO**, SME and start-up Black Suppliers without deduction of settlement discount and irrespective of what Eskom's standard forms of contract stipulate.

11.2 Development Program

Where Eskom deems it necessary the Corporate and Group/Divisional Black Supplier Program Managers and other supplier development functions will, over and above the support described in the previous paragraph, provide developmental assistance, primarily to Black Suppliers in the manufacturing, construction and mining/extraction industries and professional consulting business. This assistance will be limited to 100% **BWO and** Black owned and managed suppliers.

The developmental assistance will be at Eskom's discretion and may encompass among other things the following:

- **GIVING ADVICE AND GUIDANCE, AND ARRANGING FOR TRAINING, IN AREAS SUCH AS QUALITY, FINANCIAL, PROCUREMENT, MARKETING, ENVIRONMENTAL AND PRODUCTION MANAGEMENT.**
- **ASSISTANCE WITH NEGOTIATING FINANCING ARRANGEMENTS WITH FINANCIAL INSTITUTIONS, THOUGH NOT INVESTING ESKOM FUNDS.**
- **ASSISTING WITH NEGOTIATIONS TO OBTAIN MATERIALS AT COMPETITIVE PRICES FROM SUPPLIERS, OR ALTERNATIVELY TO DRAW FREE-ISSUE MATERIALS FROM ESKOM.**
- **COORDINATING INDUSTRIAL/PRODUCTION ENGINEERING ASSISTANCE TO IMPROVE PRODUCTIVITY.**
- **ASSISTING WITH STRATEGY SETTING TO ENSURE THAT THE SUPPLIER DEVELOPS AND DOES NOT BUILD DEPENDENCY ON ESKOM FOR ITS SURVIVAL.**
- **START-UP FACILITATION IN INDUSTRIES WHERE THERE ARE NO BWO OR BLACK SUPPLIERS, WITHOUT INVESTING ESKOM'S FUNDS.**

11.3 Progression of Small Black Suppliers

DEVELOPMENT ASSISTANCE WILL NOT BE GIVEN TO A BWO OR SMALL BLACK COMPANY FOR MORE THAN TWO YEARS.

IF A SME OR BWO REACHES THE TURNOVER THRESHOLD TO BECOME A LARGE BLACK SUPPLIER DURING THE DEVELOPMENTAL PERIOD, IT WILL AUTOMATICALLY BE REREGISTERED AS A BEE AND LOSE ALL ADDITIONAL BENEFITS AFFORDED TO SMALL BLACK SUPPLIERS. TO PRECLUDE ANY HARDSHIP, A TRANSITIONAL PERIOD OF NOT LONGER THAN SIX MONTHS MAY BE NEGOTIATED WITH THE CORPORATE OR GROUP/DIVISION BLACK SUPPLIER PROGRAM MANAGER.

12 ADDITIONAL PROGRAMS

In cases where the above stated mechanisms for various reasons cannot be applied, the following alternatives may be employed to attain the objectives of this directive.

12.1 Second Tier Black Supplier Procurement

PRIME CONTRACTORS/SUPPLIERS WILL BE REQUIRED TO CONTRACT FOR AND PROCURE A STATED PERCENTAGE OF THE CONTRACT VALUE FROM ESKOM APPROVED BWO, BLACK AND BEE SUPPLIERS BY:

- subcontracting portions of the contract
- procuring manufactured components/subassemblies
- procuring consumables/MRO materials
- procuring services, e.g. transport, insurance
- procuring professional services, e.g. engineering, design, project management.

The enquiry and tender documentation sent out by Eskom will specify the percentage of the contract value that must be spent in line with the above criteria. This will vary from contract to contract according to the characteristics of the items or service procured.

Suppliers who are not willing to comply with this requirement will be eliminated from Eskom tender lists.

Non-compliance with the contractual Black Supplier support requirements may lead to cancellation of the contract and further action.

The percentage of contract value that is specified in the contract will be reported as Black Supplier purchases. Arrangements will be made to provide an audit trail where possible.

12.2 Joint Ventures

Joint ventures conforming to the following requirements may be formed with Black Women-owned, Black or Black Empowering Suppliers:

- An approved contractual relationship is established, i.e. a corporatised joint venture is established.
- The BWO, Black and/or BEE Supplier executes work with its own resources and management, proportional to their participation in the joint venture.
- The BWO, Black and/or BEE Supplier shares in the potential benefits and the potential risks inherent in the contract proportional to their participation in the joint venture.

13 PENALTIES FOR ABUSE OF ESKOM'S BLACK SUPPLIER PROCUREMENT PROGRAM

Any supplier or potential supplier that misrepresents the facts in order to gain some advantage using Eskom's Black Supplier Procurement Program will be penalised by deregistration as a

supplier to Eskom according to corporate directive ESKADABD7, and by any other provisions of applicable legislation.

Directors or owners of businesses that have been so deregistered will be listed and Eskom may refuse to register as suppliers any new companies formed by them.

14 PUBLIC RELATIONS

The Corporate and Group/Divisional Black Supplier Program Managers will continue Eskom's participation in and support for the Corporate SMME Development Forum and other organisations that promote development of Black business. They will network with their counterparts in other parastatal, state and public enterprises to obtain inputs to improve Eskom's Black Supplier Procurement Program.

The Corporate and Group/Divisional Black Supplier Program Managers will participate in and support business opportunity fairs, trade shows and the like. This will be done in conjunction with the Eskom Development Foundation to eliminate duplication.

15 TABLE 1: BEE RATING CRITERIA FOR SUPPLIER AND TENDER EVALUATION

CRITERIA	1	2	3
Black Ownership	10% to <20%	20% to 50%	>50%
Black Management	10% to <20%	20% to 50%	>50%
Black Skilled Personnel	10% to <20%	20% to 50%	>50%
Procurement from Black/BEE Suppliers	5% to <10%	10% to 20%	>20 %
Black Female Management	1% to <5%	5% to 10%	>10%
Other BEE Initiatives	One point at Eskom's discretion		
Employment of the Black Disabled	One point at Eskom's discretion (see note below)		

In order to qualify as a BEE Supplier, a Large Supplier must score at least one point each on Black ownership, Black management, % Black skilled personnel and purchasing from BEE suppliers.

When a Large Supplier earns 9 or more points, it is considered a Black or Black Empowering Supplier, and is permitted to price match for the set-aside portion of the tender concerned, as stipulated in the enquiry. BWO and then SME Suppliers will have first right of refusal, after which Large Black or Black Empowering Suppliers get the opportunity to price match.

In the case of "Other BEE Initiatives", the Black Supplier Manager will decide whether an additional point should be allocated or not.

Purchasing from suppliers that import a substantial amount of their purchases will be done on a normalised base, as prescribed by Eskom for each supplier.

IN ORDER TO QUALIFY FOR A POINT FOR EMPLOYMENT OF THE DISABLED, SUPPLIERS WHO EMPLOY FEWER THAN 50 EMPLOYEES MUST EMPLOY AT LEAST ONE DISABLED PERSON. SUPPLIERS WHO EMPLOY MORE THAN 50 EMPLOYEES MUST EMPLOY AT LEAST TWO PERCENT DISABLED PERSONS (AS A PERCENTAGE OF THEIR ENTIRE LABOUR FORCE) AND HAVE A POLICY DRIVING THE EMPLOYMENT OF DISABLED PERSONS IN PLACE.

16 ENVISAGED SUPPLIER EVALUATION CRITERIA AS FROM DECEMBER 2002

16.1 Table 2 : Bee Rating Criteria for Supplier and Tender Evaluation as from December 2002

CRITERIA	1	2	3
Black Ownership	10% to <20%	20% to 50%	>50%
Black Management	20% to <35%	35% to 50%	>50%
Black Skilled Personnel	20% to <35%	35% to 50%	>50%
Procurement from Black/BEE Suppliers	10% to <20%	20% to 25%	>25 %
Black Female Management	1% to <5%	5% to 10%	>10%
Other BEE Initiatives	One point at Eskom's discretion		
Employment of the Black Disabled	One point at Eskom's discretion (see note below)		

The same notes as for Table 1 apply.

16.2 Changes to Qualification for SME Suppliers

SME suppliers should note that the requirement of at least 50% ownership will eventually change to at least 50,1% ownership due to Government policy on Black Economic Empowerment.

ANNEX 5:

Number of workers on site during construction of OCGT 1

Table 3: Number of workers on site

CONTRACTOR					CULTURE GROUP (Part Of Total)							
	BEE	LABOUR	WORKERS	LOCALS	WHITE	BLACK	INDIAN	COLOURED				
	COMPANY	BROKER	ON SITE (Total)	(Part of Total)	TOTAL	LOCAL	TOTAL	LOCAL	TOTAL	LOCAL	TOTAL	LOCAL
Roshcon Electrical												
ROSHCON	YES	N/A	4	0	1	0	3	0	0	0	0	0
CAPACITY	YES	CAPACITY	12	11	1	0	9	9	0	0	2	2
SECTIONAL POLES	YES	N/A	3	3	1	1	2	2	0	0	0	0
STINGER	NO	N/A	4	0	1	0	3	0	0	0	0	0
ELECTROLYTE	YES	N/A	3	3	1	1	1	1	0	0	1	1
TAC PLANT	NO	N/A	2	2	0	0	1	1	0	0	1	1
TOTALS			28	19	5	2	19	13	0	0	4	4
Siemens AG												
Kaefer Raco/ M&R	YES	Workforce	60	30	10	2	27	11	0	0	23	17
SIEMENS AG	YES	Workforce	20	6	16	3	0	0	0	0	3	3
Siemens LTD	YES	RMD	70	56	29	20	31	28	1	1	9	9
DCD Dorbyl	YES	N/A	11	0	2	0	2	0	0	0	7	0
Lesedi	YES	Swift	47	36	18	17	11	7	0	0	18	12
Scott Steel	YES	N/A	6	0	0	0	3	0	0	0	3	0
SA Five / RHM	YES	Swift	21	17	4	2	5	5	0	0	12	10
TOTALS			235	145	79	44	79	51	1	1	75	51
Roshcon Civils												
ROSHCON	YES	N/A	25	12	16	4	4	3	0	0	5	5
MOSSHIRE	YES	N/A	7	7	3	3	4	4	0	0	0	0
TRANSAND	YES	N/A	12	12	2	2	8	8	0	0	2	2
MCC	YES	N/A	5	5	1	1	4	4	0	0	0	0
WORKFORCE	YES	WORKFORCE	122	122	2	2	75	75	0	0	45	45
CAPACITY	YES	CAPACITY	176	168	4	4	114	112	0	0	58	52
SOUTH CAPE	YES	N/A	10	10	0	0	6	6	0	0	4	4
TOTALS			357	336	28	16	215	212	0	0	114	108

ANNEX 6:

Eskom's position on Corporate Social Investment (CSI)

Eskom CSI Overview: http://www.eskom.co.za/esdef/csi_overview.htm

Background

Eskom has had a CSI division since 1989. The focus was primarily on grants to non-governmental organisation (NGO's) to do development work in historically disadvantaged communities in South Africa. The focus was on education (early childhood development-ECD, in-service training for teachers in primary and secondary schools in particularly English, Mathematics and General Physical Science, as well as the provision of educational aids and equipment. In addition, grants were approved for whole-school development for clusters of schools and the establishment of resource centres) and grants for community-based organisations who engaged in manufacturing type activities and food gardens to alleviate poverty and supplement the income of project members.

Classrooms were built, using redundant, prefabricated buildings and schools received electricity in areas where Eskom was doing electrification. This was done in collaboration with the various Departments of Education. Donations were also made to various charitable organisations.

THE DEVELOPMENT FOUNDATION

In an effort to consolidate Eskom's CSI activities the Eskom Development Foundation was incorporated on 12 December 1998. It is an independent section 21 company which incorporates and integrates the CSI initiatives of Eskom's Holdings Ltd (Eskom) The Development Foundation commenced operations on 1 January 1999.

WHAT IS THE ROLE OF THE DEVELOPMENT FOUNDATION?

The Development Foundation considers application for grants from historically disadvantaged communities.

WHO/ WHAT TYPE OF PROJECT MAY APPLY?

- **Community based organisation**

This is an organisation consisting of like members in a community. This CBO should have a constitution and its members usually pay membership fees. Members keep some profits to keep the organisation sustainable. They may choose to share some profit after that equally among the members. Its activities should clearly address a need of goods/ services the wider community, for example: a community crèches, food garden, brick making, bread baking, car wash, cleaning up the environment, caring for senior citizens/ pensioners or people with HIV/ AIDS.

- **Voluntary Association (VA)**

This is an association consisting of volunteer members in a community. The VA should have a constitution. Its members may or may not choose to make a monthly contribution. It should

operate an active bank account (savings account) The VA should have defined objectives/ goals. Its activities should clearly address a social need of the wider community, for example.

- **Black owned Business**

An existing, registered business that is owned by a black person/ group, may apply for a grant. These businesses are normally referred to as small, medium and micro enterprises. (SMME)



a

Introduction

Eskom Development Foundation mandate

Values

Strategic development objectives

Introduction

The Eskom Development Foundation (“Development Foundation”) is a Section 21 company incorporated and operating in the Republic of South Africa and it manages the corporate social investment initiatives of Eskom Holdings Limited (“Eskom”). Although Eskom does not hold any shares in the Development Foundation, it does have effective control of the Development Foundation, which is a wholly owned subsidiary of Eskom. The Development Foundation is registered as a Public Benefit Organisation (PBO) in terms of the Income Tax Act.

Eskom Development Foundation mandate

The Development Foundation is positioned as a vehicle for Eskom to deliver on its corporate social investment (CSI) objectives by providing support to economic and social projects through the vigorous promotion of support to registered small, medium and micro enterprises (SMMEs), particularly in communities where Eskom implements its capital expansion projects, as well as enhancing the quality of life in communities by supporting social projects.

Vision

Together building the powerbase for sustainable growth and development.

Mission

To contribute towards the improvement of the quality of life of the disadvantaged.

Strategy

To enhance the socio-economic fabric of society by supporting social and economic projects that primarily focus on capacity building, job creation and poverty alleviation through grants and donations in an integrated, efficient and effective way.

Values

Eskom's values, to which the Development Foundation subscribes, are the values that guide our conduct, which consist of the following:

Integrity

To constantly act in a manner that promotes trust, dependability and a commitment to honesty at all times.

Customer satisfaction

To provide service excellence that exceeds our customers' expectations.

Excellence

To continuously strive to be the best through exceptional performance that exceeds expectations.

Innovation

To foster an environment that nurtures innovative people and creative solutions.

Strategic development objectives

In the process of working towards the vision and strategic CSI objectives, the Development Foundation shall consider development grants for projects in disadvantaged communities in Eskom's capital development programme areas primarily; and support the objectives of government's Accelerated and Shared Growth Initiative for South Africa (ASGISA):

- skills development
 - job creation
 - capacity building
 - poverty alleviation
-

Development focus for social and economic development grants

- Capacity building (technical and business skills development)
- Safety and risk management training relevant to equipment supplied
- Equipment and material
- Infrastructure upgrade at SMMEs for example electricity (single to 3- phase), water, sewerage, refurbishment

Sustainability:

http://www.eskom.co.za/live/content.php?Category_ID=639

Sustainability



In support towards a sustainable development approach for economic projects that complements the ASGISA objectives. It is imperative that the applicant furnishes evidence to support the application for a grant that clearly demonstrates that the current business is a healthy going concern. This shall include inter alia a set of financials and a business plan that clearly reflects current status and the ability to expand its operations into the future. Grants shall be influenced by the applicant's risk profile in terms of its years of existence.

Development grants

Development grants are awarded for the purposes of contributing towards achieving Eskom's strategic objectives, the objectives of ASGISA, and meeting identified economic and social needs. Such initiatives are considered and approved in accordance with the necessary delegation of authority.

Economic grants

Economic grants are approved for the purposes of contributing to the development and sustainable growth of SMMEs from previously disadvantaged communities in order to bridge the divide between the second and first economy. In addition, the focus shall be on job creation, skills development and the alleviation of poverty.

Projects in the following sectors may, for instance, be considered for economic grants:

- Agriculture
- Manufacturing
- Trade and services

Social grants

Social grants are approved for the purposes of contributing to the development of formally constituted/registered, non-profit organisations (CBO/NGO/NPO/PBO/VO/WO) social projects from primarily disadvantaged communities in order to aid their sustainability and growth. Projects in the following sectors may, for instance, be considered for social grants:

- Education
- Health
- Nutrition
- Potable water
- Sanitation

Note on sponsorships

Sponsorships do not form part of Eskom CSI initiatives and consequently are not included in this policy. Sponsorships are a form of marketing in which a brand is associated with an activity or entity in order to exploit the commercial potential created by this association.

Sponsorships are given for business reasons and therefore need to be leveraged, tracked and measured to ascertain their return on investment. Such initiatives are undertaken in accordance with the sponsorship policy, which is the responsibility of Group Communication department.

Community Development:

http://www.eskom.co.za/live/content.php?Category_ID=74

Introduction



Introduction

The Eskom Development Foundation handles all Eskom's [community development](#) initiatives.

Education support

- Training of early childhood development teachers, enabling them to acquire formal qualifications
- Training of primary and secondary school teachers who are unqualified or under-qualified especially in mathematics, science and technology as well as training in health, environmental, enterprise education, art, craft and culture, tourism and language
- School management, administration and life skills training.
- Supply of equipment to schools such as
- Early childhood development equipment and material
- Teaching aids for primary and secondary schools
- Resource centre material and equipment

Skills development

- Technical skills training for subsistence level community projects such as brick-making, bread-making and welding
- Business management, administration and life skills training such as health, environmental education, art and crafts
- Adult literacy and numeracy training as an integral part of the technical skills training.
- Supplying equipment and materials for the application of skills, such as: Brick-making, cement, ovens, flour, welding machines and welding rods.

ANNEX 7:

Proposed Terms of Reference for Stakeholder's Forum – submissions by community and Eskom

1. Terms of Reference submitted by local Stakeholders to Eskom
on 16 November 2006
2. Generic Terms of Reference for Stakeholder's Forum submitted
by Eskom Stakeholder advisors to local stakeholders on 13
February 2007

STAKEHOLDERS FORUM AND ESCOM OCGT MOSSELBAY PLANT RELATIONS DURING INSTALLATION & COMMISSIONING PHASE

Terms of Reference 17 November 2006

Objective

To ensure that project workforce, hosting communities, BWO and/ or BEE entities that are established and operating within 20km radius from the Mossel Bay OCGT plant remains productive and socio-economically benefiting whilst on contract or engaged in the OCGT project directly or indirectly by ESCOM.

Purpose

- To establish a framework within which social development, economic growth, suppliers management and skills development are fairly executed, managed and the Escom - community relations are kept cordial.
- To have in place a clear representation structure to strategically manage the overall community relations situation.
- To eliminate some or all of the reactive community and/ or business relations incidents in a very short space of time by:
 - Ensuring sound employee, community and business relations through communicating, agreeing, implementing and monitoring BEE & Procurement practices before the commencement of work and other appropriate activities.
 - Establishing and co-ordinating a communication network that is transparent and accessible to all;
 - Ensuring BEE and labour relations policies and procedures are adhered to and consistently applied as communicated to the Stakeholders Forum and in line with Escom expectations, deviation and non – compliance must be dealt with accordingly and within a reasonable short space of time.

Scope

The Stakeholders Forum and Escom will make decisions on best practices with regard to community and business (BWO,BEE,BBEE etc) relations management during installation and commissioning phase.

It is imperative that Escom and Stakeholders Forum relation's management is of a high standard, effectively managed, safe guarded and properly documented. The Forum will constantly evaluate the situation and seek and implement solutions where required. After each Phase during installation and commissioning, the Stakeholders Forum shall submit a close-out report in the form of an After Action Review (AAR) where their achieved versus desired results are evaluated.

Deliverables

The Stakeholders Forum shall:

- Use the reactive employee, community and business relation issues from the 2006/11/17 meeting between Escom and Stakeholders Forum to carry out a Potential Deviation Analysis. This would be used to develop remedies and contingencies for future elements that can go wrong.
- Put together terms of reference for the investigation team should the need arise.
- Establish a central office where they will convene meetings and execute duties as agreed upon by all stakeholders.
- Obtain a mandate to make quick and effective decisions with regard to recruitment, community, BEE and Procurement management issues in order to ensure that Escom standards, requirements and objectives are not compromised as well as the community expectations.
- Issue information briefs to community and convene meetings with the various business structures, youth, religious structures and NGO's on matters relating to social responsibility, skills development, employee relations and business development.
- Attend suppliers meetings on OCGT to fully understand installation and commissioning activities and dynamics.
- Facilitate meetings with Escom and suppliers regarding any queries that may arise and negatively impacting on the hosting community, business and skills development.
- Correspond with Escom and liaise with the office of the local community liaison officer as need for this office was identified in the previous meetings with the Escom delegation..
- Keep records of its activities.
- Be contactable on a 24-hour basis.

Duration

- Stakeholders Forum will be active from 30/11/2006 and through life span of the OCGT plant in Mossel Bay, its committee will be revised every year.

Stakeholders Forum

- The forum will comprise the following:
 - Chairperson : M.Mpumela Siyaqala Buisnes Forum
 - Secretary : M.J Yantolo Siyaqala Business Forum

▪ Vice Chairperson	L.Mayixhale	Black Empowerment Forum
▪ Treasurer	T. Nofemele	Siyaqala Business Forum
▪ Vice Secretary	L.E.Dyosi	Women In Construction
▪ Member	S. Beyi	KWARA
▪ Member	N.Mpumela	WIC
▪ Member	B.R.Robert	KWARA
▪ Member	P.Lichaba	BlackEmpowerment Forum
▪ Member	Mrs Gamadala	NAFCOC
▪ Member	B.Swartbooi	KWARA
▪ Member	S.Swartbooi	KWAYO
▪ Member	N.Komani	Concerned Youth

Support

- SANCO
- ANC
- COSATU
- CEPPWAWU
- SACP

Terms of Reference (ToR)

Objectives

- Agree ToR with OCGT Executive Steering Committee.
- Set SMARTER milestone targets for deliverables.
 - **Proposed:**
 - Issue performance brief to stakeholders.
 - Perform Strength Weaknesses Opportunities and Threats analysis on present set-up and agree Vision.
 - Put together a risk (criticality) profile on Business Initiatives & possible factors that may lead to exclusion in participating in the OCGT project.
 - Develop Response action plan on gaps & agree wish list.

- Compile the Community Relations protocol and issue to stakeholders for review.
- Get protocol approved.
- Prioritize & implement.

Strategy

- Liaise where appropriate with OCGT Executive Steering Committee to confirm direction and course of action compatible with Escom expectations.
- Executive Steering Committee to visibly support the Stakeholders Forum by ensuring that business process changes are enforced in order to accommodate appointments and business initiatives established and operated by local and/or hosting communities.



1. PREAMBLE

The aim of the Stakeholder Management Forum ("the Forum") is to assist Eskom Holdings Limited ("Eskom") establish, maintain and sustain effective relations with the Communities wherein Eskom works. This can be and will be achieved through information sharing and the participation of community members within projects that Eskom is involved in, within the said Community.

2. COMPOSITION OF THE COMMITTEE

2.1 The Forum shall include at least;

2.1.1 Three representatives from Eskom; this would be Enterprises, Generation and the Project Manager on site as a Chairperson of the Forum. ASGI-SA including ESEDF and Supplier development from procurement will support the process

2.1.2 A representatives each from Local Government, Provincial Government, National Government (DME; DPLG; DPE) and state owned organizations;

2.1.3 A representatives each from the Chambers of Commerce and other related organizations; and

2.1.4 Representatives from the Community based organizations and local non governmental organizations including local lobby groups.

2.5 The Chairmanship of the Forum shall vest with Eskom.

3. PURPOSE AND MADNATE OF THE FORUM

3.1 This is an inclusive forum, whose role is to ensure information sharing by Eskom and suppliers on project progress, opportunities for local business and job prospects, timing of these, with the community providing information on local business skills set. The forum would co-operate to facilitate community participation in the projects.

4. **MEETINGS OF THE FORUM**

5.1. **Meetings**

- a) Meetings of the Forum will be held as frequently as the Forum considers appropriate, but it will normally meet every alternate month.
- b) The Chairman will call meetings of the Forum.
- c) Reasonable notice of meetings and the business to be conducted shall be given to the members of the Forum.

5.2 **Quorum**

The quorum for a fully constituted meeting shall be at least Eskom, representative from the community, local authority.

5.3. **Attendance**

- a) If the Chairman of the Forum is absent from a meeting, any other member of the Forum may act as chairman for that meeting, as agreed by those present.
- b) No member of the Forum shall have an alternate.
- c) The Chairman, at his/her discretion, may invite other members to attend and be heard at meetings of the Forum.

5.4. **Noting**

- a) The Chairman shall have a second or casting vote.

5.5. **Minutes**

- a) Eskom shall provide the Secretariat function to the Forum.
- b) The minutes of all Forum meetings shall be circulated by the Secretariat to all members of the forum within 5 (five) working days after each meeting.

5.6. **Reporting**

- (a) It is the responsibility of each and every representative to report back to their respective principals on activities of the Forum and actions taken by the Forum.

APPROVED

CHAIRMAN OF THE FORUM: _____

DATE: _____