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**MEDIA STATEMENT  
FOR IMMEDIATE RELEASE  
25 MARCH 2024**

**SAP ORDERED TO PAY BACK R500 MILLION EARNED FROM INVALID ESKOM CONTRACTS**

Systems Applications Products (SAP) has been ordered by the Special Tribunal to pay the Special Investigating Unit (SIU) R500 million within seven days. The order stems from a settlement agreement reached by SIU and SAP on the validity of two contracts awarded by Eskom, which was upheld by the Special Tribunal.

Between 2013 and 2016, Eskom and SAP entered into two contracts for Enabling Agreement and Cloud Services Agreement worth approximately R1.1 billion. The Special Tribunal order -dated 20 March 2024- has also declared that the two contracts are constitutionally invalid and therefore set aside.

The order of the Special Tribunal is part of the implementation of the SIU investigation outcomes and consequence management to recover financial losses suffered by State institutions due to negligence or corruption. The settlement agreement does not absolve SAP or any implicated party from possible prosecution.

The SIU's investigation found that Eskom entered into an Enabling Agreement contract with SAP for licences, maintenance, support and ad hoc services at a contract value of R1 037 045 965.50. Thereafter, SAP entered into a Sale Commission Agreement with CAD House CC, a Gupta-linked company. Furthermore, Eskom and SAP signed an agreement for Cloud services at a contract value of R21 712 514.82. Following payments from Eskom to SAP, CAD House received funds from SAP.

SIU findings revealed that the Enabling Agreement and the Cloud Services Agreement did not comply with the Public Finance Management Act, which resulted in Eskom incurring fruitless and wasteful expenditures in respect of the agreements.

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The SIU was, in terms of Proclamation R.11 of 2018, authorised by President Cyril Ramaphosa to investigate allegations of corruption, malpractice, and maladministration in the affairs of Eskom.

The SIU is empowered to institute civil action in the High Court or a Special Tribunal in its name, to correct any wrongdoing uncovered during its investigations caused by acts of corruption, fraud, or maladministration. In line with the Special Investigating Units and Special Tribunals Act 74 of 1996, the SIU refers any evidence pointing to criminal conduct to the National Prosecuting Authority (NPA) for further action.

**END.**

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