

# SAP ordered to pay SIU half a billion rand over 'invalid' Eskom contracts

German software company, SAP, has been ordered by the Special Tribunal to pay some R500m to the Special Investigating Unit (SIU) within seven days following a settlement reached between the company and the unit.



Image source: Leon Swart – [123RF.com](https://www.123RF.com)

According to the SIU, the settlement stems from an agreement on the validity of two Eskom contracts awarded to SAP between 2013 and 2016.

“Eskom and SAP entered into two contracts, the Enabling Agreement and the Cloud Services Agreement, worth approximately R1.1bn. The Special Tribunal order 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 said.

The corruption-busting unit explained that an investigation into Eskom found that the contracts were entered into illegally.

“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.

“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,” the SIU said.

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