

home affairs

Department:
Home Affairs
REPUBLIC OF SOUTH AFRICA

Building a secure Home Affairs

Briefing by the Minister of Home Affairs and the Acting Director-General of the Department of Home Affairs on the Visa Facilitation Service(VFS) Contract

Date: 05 NOVEMBER 2019

Current Status

On 14 December 2018, the Department of Home Affairs extended the Services Agreement with VFS Global for a further period of 24 months - effective 1 January 2019- 31 December 2020.

The extension of the Services Agreement was legally provided for under Clause 11.2 (*Period of Service Agreement*) of the existing Services Agreement.

.....[Clause 11.2. This agreement may be renewed by DHA upon written notice to VFS at least sixty (60) Calendar days prior to the expiry date of this Agreement for successive renewal periods of 36 (thirty six) months each, or such shorter period as DHA may deem necessary, on the same terms and conditions then in effect under the Agreement (the "Renewal Term")

Extending The Contract - Factors that were considered :

DHA gave due consideration to its own internal environmental factors:

DHA'S Modernisation Programme (Biometric Movement Control System (BMCS) & eVisa

- The extension allowed DHA to proceed with the development of its own long-term solution in the form of a **new Biometric Movement Control System (BMCS)** at ports of entry, which in turn provides the platform for an interface with the newly developed **eVisa** solution.
- The projects have been a priority in 2019 and by October 2019 the concept was ready for demonstration to The President during his official engagement with the Department.
- **BMCS** and **eVisa** are two independent systems, but operate in synergy to render an efficient frontline service operation for the management of migration

Extending The Contract - Factors that were considered :

The issues that DHA considered based on what VFS presented were the following:

Infrastructural and operational commitments

- The infrastructural and operational commitments of VFS Global sustaining a business presence across 18 local Visa Adjudication Centres (VAC's) in South Africa, and 42 VAC's across 18 countries globally, is considerable. This requires extensive administration over lease agreements, operating and administrative costs, which are also susceptible to global market fluctuations.
- DHA has considered that comparable operations at a *like-for-like industry standard* would normally be negotiated around **36 months** (minimum) extending to **48** or **60** months - dependent on operational conditions

Financial commitments

- DHA considered that any extension would require VFS to undertake a medium term commitment and incur further capital investment against fixed-term rental/lease agreements. To provide and make allowance for a reasonable period in which operating capital would remain viable, a period of 24 months was deemed to be the minimum at which a settlement could be reached.

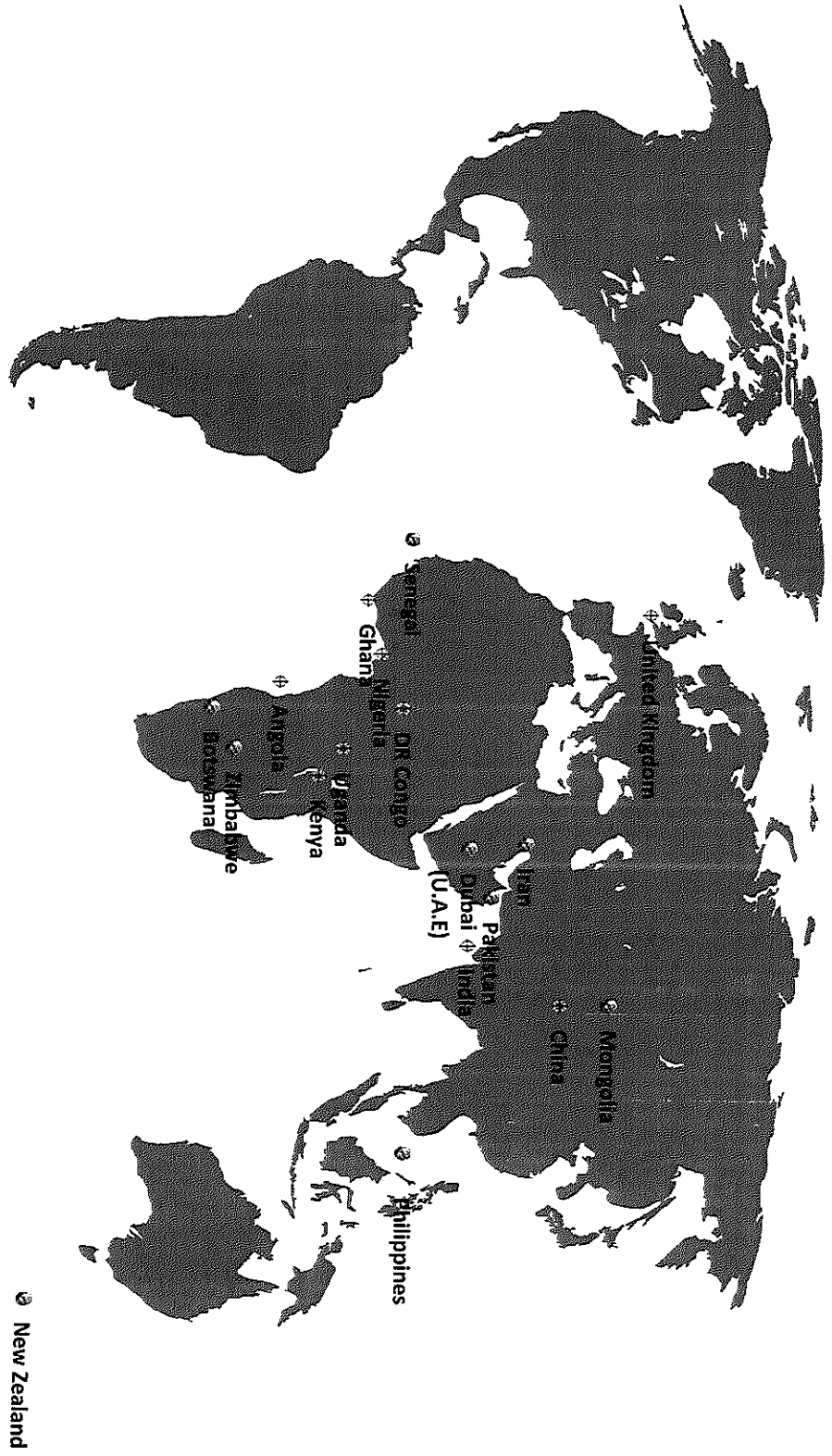
Extending The Contract - Factors that were considered :

DHA gave due consideration to the following before extending the contract with VFS:

Maintaining DHA Operations

- The service rendered by VFS in support of the Department's frontline operations is integral to sustained efficiencies gained in the management of permitting and visa applications. Such efficiency supports our role in contributing to the economic stimulus package and the facilitation of migration to South Africa.
- Reputational risk to the Department would be immense should there be discontinuity in the operating model (both in-country and globally) and any change in the service must allow for a seamless transition from one business partner to the other.
- Winding-down of such a globally expansive footprint would require intensive planning and coordination across stakeholders to ensure services offered to the public do not incur disruption.
- DHA does not have current capacity, either at a human resources level nor in respect of its systems, to readily implement an alternative business process to the existing business partnership developed over time with VFS - especially with reference to an automated, end-to-end electronic management system progressively instituted at Visa Application Centres (VAC's) in South Africa since 2014.

Countries served as on today



**18 Countries Globally
45 Centers**

We Care!

Mission Summary

Sr. No	Country	Contract Start Year	VAC Location	Application Centre	2018 Application Count	2019 Application Count (to Aug '19)
1	India	2010	Delhi/Mumbai/Kolkata/Gurgaon/Pune/Bangalore/Ahmedabad/Goa	9	71,182	51,834
2	Nigeria	2010	Lagos/Abuja/Port Harcourt	3	101,176	32,608
3	China	2010	Beijing/Shanghai/Chengdu/Guangzhou/Wuhan/ Xi'an/Shenyang, Hangzhou/Jinan/ CHONGQING/ KUNMING	11	76,035	48,344
4	Angola	2012	Luanda	1	3,478	2,053
5	DRC	2012	Kinshasa/Lubumbashi	2	27,789	16,502
6	Kenya	2013	Nairobi	1	22,371	14,486
7	Ghana	2013	Accra	1	23,866	13,699
8	Uganda	2015	Kampala	1	9,690	6,289
9	United Kingdom	2015	London/Edinburgh and Manchester	3	7,507	4,733
10	Zimbabwe	2016	Harare, Bulawayo	2	9,664	5,242
11	Botswana	2016	Gaborone	1	4,652	3,291
12	Iran	2017 - Q1	Tehran	1	2,614	1,115
13	UAE	2017 - Q1	Dubai	1	10,117	7,879
14	Mongolia	2017 - Q1	Ulaanbaatar	1	341	42
15	Senegal	2017 - Q1	Dakar	1	1,777	1,125
16	Pakistan	2017 - Q1	Karachi, Lahore, Islamabad	3	5,154	3,616
17	Philippines	2017 - Q1	Manila	1	3,161	2,616
18	New Zealand	2017 - Q1	Wellington and Auckland	2	10,210	5,895
The number of VACs has been incrementally increased over a period of years					390,784	221,369

Extending The Contract - Procedure Followed in DHA - :

The Department's Supply Chain Process (SCM) was observed prior to the extension of the contract with VFS.

An Ad Hoc Bid Adjudication Committee (BAC) meeting was convened on 12 December 2018 to consider a "Request for Approval for the Extension of the VFS Permitting Business Partnership contract for twenty four (24) months".

The BAC discussed and resolved:

To support the recommendation for the extension of the contract with VFS Visa Global for a period of twenty-four (24) months, subject to the following conditions:

- *Business Unit to submit to the BAC the Public Private Partnership (PPP) project plan.*
- *Business Unit to submit quarterly progress reports against the PPP project plan to the BAC.*
- *Business Unit to benchmark with other Countries that provide the similar services for best practice.*
- *Business Unit to consult the Office of the Chief Procurement Officer regarding the twenty-four (24) months contract extension with VFS Global.*
- *Business Unit to approach National Treasury Budget Office in consultation with the Chief Financial Officer with regard to the registering of the PPP process.*
- *Business Unit to submit to the BAC a request for the appointment of BSC and BEC members for the PPP process.*

Extending The Contract - Consultation with the Service Provider:

Consultation Process with VFS Management:

- Through a consultation process, the department has engaged VFS Management on multiple occasions between October through to December 2018 to reach agreement on the period of the contract.
- Various short term options were explored with a view to retaining the current scope of services on a month-by-month basis.
- Pivotal to each consultation is the investment VFS has made to establish its current DHA services footprint - estimated at **R428 million** – with lease and operating costs being offset through sustainable, fixed term operations/services. Short-term contracting would significantly influence risk exposure and reduce viability of the business model. It is a fact that VFS advanced negotiation for a period of 36 months on the basis of such complexities which the Department could not agree to.
- Therefore, the minimum period that DHA and VFS could mutually accede to, was **24 months**.

Next Steps – Moving towards a PPP for the appointment of a service provider

Implementing the Guidelines of National Treasury

- The current actions of the Department are aligned to the recommendations received from National Treasury dated 25 October 2018, confirming they are in agreement with the comments of the Auditor General that the current contract for visa facilitation should be a Public Private Partnership (PPP).
 - NT added a recommendation that DHA should develop technical specifications in order to first publish a Request for Information (RFI) which would invite all potential stakeholders to submit an expression of interest to render such a service on behalf of DHA. Resolution (2) of the letter received from NT on 19 October 2018, states – “ DHA of Home Affairs should consider going out on a tender (Request for Information) to test the market for the appropriate procurement method, and the results therefrom should be shared with the Office of the Chief Procurement Officer”.
 - “Testing the market” implies DHA may want to proceed with the appointment of another service provider should the RFI yield positive responses. However, this is not a precondition to the outcome of the RFI, and replacement of the service provider is not exclusive to the specifications. The intention is to rather gain an understanding of what options DHA could consider at the time of taking such a decision.
 - The Technical Specifications were completed and approved by the BAC on 11 September 2019.
- Note:** The process is now at its first stage of initiation with a PPP registration letter to NT.

Additional Considerations on how DHA should proceed

DHA'S Modernisation Programme (Biometric Movement Control System (BMCS) & eVisa

- BMCS and eVisa are two independent systems, but operate in synergy
- However, it is the eVisa solution that potentially changes the dependency requirement DHA has on frontline services and a service provider.
- A successful eVisa programme means that DHA no longer requires services in those territories as applications for visas will now be made online. The completed application will be received electronically by a Central Adjudication Hub in South Africa, which will then lead to an outcome. DHA remains in full control of the process. Should there be a “hit” against the risk engine, the applicant will be categorized as a high-risk traveller and will be redirected to the closest Mission to undergo a one-on-one verification interview which may require additional supporting documents to be submitted.
- The eVisa system is near—completion and will be ready for piloting in Kenya in November 2019.
- In 2020/21, DHA will prioritize rollout to China, India and Nigeria. These countries are identified due to migration demand which constitutes 68% of total foreign visa and permit applications to RSA from abroad (refer to slide 7).
- Potentially, this reduces the scope of future partnership and a service provider will likely be confronted with the decision of how to scale its operations according to the reduced demand for services against a progressive eVisa rollout.

CONCLUSION

- The Modernisation Programme itself potentially presents a new challenge. It is anticipated that the introduction of an eVisa will reduce the extent of dependency DHA has on a permitting business partner to render support operations. It should be assumed that future services required by a permitting business partner will not be like-for-like of current VFS operations and the footprint thereof could be diminished in the face of a successful eVisa programme.
- Potentially, this reduces the scope of future partnership and a service provider will likely be confronted with the decision of how to scale its operations according to the reduced demand for services against a progressive eVisa rollout.
- It is clear that any PPP process initiated now will not be concluded by the time the current contract reaches expiration on 31 December 2020. A realistic expectation is that it would take an average of 36-48 months for such a PPP process to conclude.

THANK YOU !!

