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### **Zondo commission – Well-connected Mpambani unlocked R255m asbestos deal**

Slain businessman Ignatius “Igo” Mpambani was not only the mastermind behind the R255-million joint venture (JV) contract entered into with the Free State government for the eradication of asbestos roofing in the province’s houses, but he also offered to “unlock opportunities” in this regard.

Mpambani approached the Free State Department of Human Settlements in early 2014, pitching for a chance to provide services for the removal and replacement of asbestos roofing on about 300 000 houses in black townships across the province. The project, which was first rolled out in Gauteng months before, has been in the spotlight at the commission of inquiry into state capture this week.

A JV between Mpambani’s Diamond Hill Trading and Blackhead Consulting, owned by Edwin Sodi, proposed to carry out the project at a cost of R1 350 per house, and when the department rejected this, lowered the cost to R850. The commission heard on Friday that the company that ended up doing the auditing phase, did so at a rate of R6.50 per house.

Sodi testified on Friday that he was convinced by Mpambani to go into business with him, assured by his partner’s charismatic nature and political connections. Mpambani, who was described by Sodi as being “well networked”, seemed to believe that he could unlock opportunities for the pair in the Free State, after seeing Sodi’s work in a similar project in Gauteng.

The two met for the first time around 2010/11, according to Sodi, at an A-list event hosted by Mpambani in Welkom. They exchanged contact details and kept in touch for a couple of years, before the idea of forming the JV was first discussed. Convincing the Free State government would be left to Mpambani, a native of the province, as he appeared to have access to senior decision makers there, and the JV arrangement was settled at a 50-50 profit share, after Blackhead consumed the operational costs of auditing and assessing the houses in question.

By October 2014, human settlements HOD Mthimotse Mokhesi had confirmed the appointment of the JV, and a service level agreement was entered into. At no point until this occasion had Sodi and Mpambani revealed that of the two phases of the project – namely the assessment and audit of housing samples that required replacement, and the removal of the hazardous asbestos – they could only do one. Sodi acknowledged before the commission that they should have done so, but went on to say he could not say for sure whether Mpambani had disclosed this or not.

Commission chairperson Deputy Chief Justice Raymond Zondo took issue with the fact that the JV took on work that they knew very well they could not do.

“Why did you ask the department to give you work in something you knew you couldn’t do, and needed accreditation to do, but did not have it?” he asked Sodi, who replied by saying it was common

practice that contractors who came across the challenge of an element of work that was outside their expertise would seek sub-contractors who could carry out the work instead.

Zondo pressed on: “You obviously must see the seriousness of this kind of misrepresentation, particularly because you would know that quite often in the country there are complaints that government departments give work to entities that have no expertise, no experience, have got no knowledge of how to do the job. The next thing they just take the money and go away, the job has not been done.”

“I will acknowledge that in retrospect perhaps we shouldn’t have asked for the department to appoint us for phase two. Like I said, as it turned out, we were never appointed for phase two,” said Sodi.

On his relationship with his late partner, Sodi revealed that all was well until Mpambani imposed a friend’s company on him. Mastertrade 232 was to be sub-contracted by the pair because, Mpambani told him, the company’s director and his friend Sydney Radebe, was struggling to find work and needed an opportunity. On Mpambani’s insistence, Sodi attended a presentation that he thought was by Mastertrade, on how they would carry out the ground work. He would only find out later – after a fallout over payment, that the presentation belonged to another company called ORI Group, owned by Kgotso Manyike, that Mastertrade had further sub-contracted. Manyike, who testified just before Sodi, told the commission that he quoted a total fee of R21-million for his part of the work, which included auditing and assessment. To date, ORI has only been paid R6-million of this, and is suing Mastertrade. The total quoted by Mastertrade to the JV is R44-million.

When Sodi realised all this, cracks started to show in his partnership with Mpambani, as the latter appeared to have kept crucial information from him. Sodi also solicited the services of a friend, Martin Zwane, who would oversee the project work. In essence, Manyike’s team was sub-contracted to Mastertrade, and expected to report updates to Zwane.

Sodi said in hindsight they should not have asked the department to appoint their JV for phase two of the project. This part of the work can only be done by an accredited service provider, registered with the Department of Employment and Labour.

“Chair, I have to mention here that I never had any discussions with the department with regard to the contract,” he said. “My late partner is the one who was having these kinds of negotiations (with the department).

“He may have disclosed that we are not accredited – I only interacted with the HOD when the project was already being implemented, to find out if the deliverables are indeed what they are looking for.”

Sodi is expected to continue his testimony on a date still to be announced.

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