



**MINISTRY OF ENERGY**  
**REPUBLIC OF SOUTH AFRICA**

PRIVATE BAG x 96, PRETORIA, 0001, Tel (012) 406 7658

PRIVATE BAG x 9111, CAPE TOWN, 8000 (021) 469 6412, Fax (021) 465 5980

Enquiries: [Malusi.ndlovu@energy.gov.za](mailto:Malusi.ndlovu@energy.gov.za)

**Memorandum from the Parliamentary Office**

**National Assembly Question : 1821**

**Mr G Mackay (DA) to ask the Minister of Energy:**

- (1) Has the Central Energy Fund (CEF) ever provided project funding to a company called Lesedi Biogas; if so, (a) what was the details of the project, (b) what was the amount of funding provided and (c) for what period did the CEF engage with the specified company;
- (2) did the CEF cease funding to the specified company on the basis of suspected or actual fraud; if so, (a) did the CEF conduct a forensic investigation, (b) what additional steps did the CEF take to rectify the situation and (c) was the matter reported to the (i) Auditor-General and (ii) National Prosecuting Authority for further investigation;
- (3) is the CEF in possession of all documents relating to its provision of funds to the specified company;
- (4) has the CEF been in contact with the Specialised Commercial Crime Unit with regard to investigating the specified company? NW2041E

**Reply:**

- (1) (a) In November 2007, CEF concluded an MoU with a company called Lesedi Biogas to undertake a feasibility study for a biogas-electricity project. Lesedi Biogas had already undertaken a pre-feasibility study and therefore approached CEF to further develop the project.

(b) An amount of R2,2 million was spent on the feasibility studies to develop the project.

(c) Between November 2007 and May 2009.

(2) Yes The funding to the project stopped because the project could not achieve some of the conditions precedent for further funding. Subsequently, the feedstock supplier also canceled the feedstock supply agreement, which was a fatal flaw to the project.

After CEF had terminated the project one of the Lesedi Biogas directors, Sheldon Chellakooty, reported that the other directors had defrauded Lesedi Biogas and indirectly defrauded CEF.

(a) CEF instituted an internal investigation on the project which recommended that

(b) Disciplinary action be taken against the executives who signed the MoU and the Project Manager. Unfortunately, both individuals had already left CEF

(c) (i) No

(ii) CEF reported the matter to the National Prosecuting Authority, case number: CAS 65/3/2012. CEF made several follow-ups and the NPA assured CEF that the matter was under investigation and had also been referred to the Specialised Commercial Crime Unit.

(3) Yes, CEF is in possession of all documents relating to its provision of funds to the specified company

(4) Yes, CEF has been following up. No progress thus far.