PREFERENTIAL PROCUREMENT REGULATIONS, 2022

Implementation Guidelines for Specific Goals

[Council Adoption Date: 18 June 2025]

TABLE OF CONTENTS

1. ENABLING REGULATORY FRAMEWORK 1
2. SETTING AND EVALUATING SPECIFIC GOALS 1
3. ROLES AND RESPONSIBILITIES FOR ALLOCATION OF SPECIFIC GOALS . 7
4. MONITORING AND ASSESSMENT 8

LIST OF TABLES

TABLE 1: ACQUISITION OF GOODS/SERVICES/CONSTRUCTION WORKS OR INCOME GENERATING CONTRACTS WITH A RAND VALUE GREATER THAN THE APPROVED THRESHOLD VALUE FOR PETTY CASH TRANSACTIONS UP TO ... 2
TABLE 2: ACQUISITION OF GOODS/SERVICES/CONSTRUCTION WORKS OR INCOME GENERATING CONTRACTS WITH A RAND VALUE GREATER THAN ... 3
TABLE 3: ACQUISITION OF GOODS/SERVICES/ CONSTRUCTION WORKS OR INCOME GENERATING CONTRACTS WITH A RAND VALUE GREATER THAN ... 4
TABLE 4: ALLOCATION OF LOCALITY POINTS 4
TABLE 5: 90/10 PREFERENCE POINT SYSTEM FOR TENDERS FOR ACQUISITIONS OF GOODS, WORK AND/OR SERVICES OR INCOME GENERATING CONTRACTS WITH A RAND VALUE ABOVE R50 MILLION USING COMPETITIVE BIDDING 4
TABLE 6: 90/10 PREFERENCE POINT SYSTEM FOR TENDERS FOR ACQUISITIONS OF GOODS, WORK AND/OR SERVICES OR INCOME GENERATING CONTRACTS WITH A RAND VALUE ABOVE R50 MILLION USING COMPETITIVE BIDDING 5
TABLE 7: ILLUSTRATION OF % ALLOCATION USING 80/20 PREFERENCE POINTS SYSTEM FOR SPECIFIC GOALS IN RESPECT OF JOINT VENTURES/CONSORTIA 5
TABLE 8: ILLUSTRATION OF POINTS ALLOCATION BASED ON ABOVE % USING 80/20 PREFERENCE POINTS SYSTEM FOR SPECIFIC GOALS IN RESPECT OF JOINT VENTURES/CONSORTIA 6
TABLE 9: ILLUSTRATION OF % ALLOCATION USING 90/10 PREFERENCE POINTS SYSTEM FOR SPECIFIC GOALS IN RESPECT OF JOINT VENTURES/CONSORTIA 6
TABLE 10: ILLUSTRATION OF POINTS ALLOCATION BASED ON ABOVE % USING 90/10 PREFERENCE POINTS SYSTEM FOR SPECIFIC GOALS IN RESPECT OF JOINT VENTURES/CONSORTIA 6
TABLE 11: ROLES AND RESPONSIBILITIES FOR ALLOCATION OF SPECIFIC GOALS .. 7

1. ENABLING REGULATORY FRAMEWORK

1.1 The Nelson Mandela Bay Municipality ("NMBM") Supply Chain Management Policy (the "Policy") seeks to facilitate the procurement of suitable quality products and services (and the selection of service providers) in a competitive, fair, transparent, equitable and cost-effective manner, which is consistent with applicable legislation.

1.2 The following legislation informs the NMBM's Policy:

a) The Constitution of the Republic of South Africa, Act 108 of 1996;
b) The Local Government: Municipal Finance Management Act 56 of 2003, and Municipal SCM Regulations (2005);
c) Preferential Procurement Policy Framework Act 5 of 2000 and Preferential Procurement Regulations, 2022, issued on 04 November 2022 (PPR).

1.3 Section 3(1) of the PPR, states that:

An organ of state must, in the <u>tender documents</u>, stipulate

(a) the applicable preference point system as envisaged in regulations 4, 5, 6 or 7;

(b) the Specific Goal in the invitation to submit the tender for which a point maybe awarded, and the number of points that will be awarded to each goal, and proof of the claim for such goal.

2. SETTING AND EVALUATING SPECIFIC GOALS

2.1 Section 3 of the PPR requires that the tender documents must stipulate:

a) the applicable **preference point system** (90/10 or 80/20); and
b) the **Specific Goal** in the invitation to submit the tender for which a point may be awarded, and the number of points that will be awarded to each goal, and proof of the claim for such goal.

2.2 Section 2(1)(d) of the Preferential Procurement Policy Framework Act 5 of 2000 states that the Specific Goals may include:

a) contracting with persons, or categories of persons, historically disadvantaged (HDI) by unfair discrimination on the basis of race, gender or disability; and
b) implementing the programmes of the **White Paper on Reconstruction and Development Programme (RDP)** as published in Government Gazette No. 16085 dated 23 November 1994.

2.3 The **RDP** is an ideology and in the form of a vision or statement of intent, rather than providing a concrete set of goals to incorporate in the preference point system. One of the most significant ideologies of the **RDP** is that local business must be promoted, which the NMBM has adopted for implementation.

2.4 **HDI** however, is clearly defined and contains only three considerations, namely race, gender and disability.

Identification of Preference Point System

2.5 90 points (bids above R50 mil) or 80 points (bids equal or below R50 mil) must be allocated for **price**. 10 points (bids above R50 mil) or 20 points (bids equal or below R50 mil) points must be allocated for **Specific Goals** i.e. preference.

Acquisition of Goods/Services/Construction Works or Income Generating Contracts with a Rand Value Greater than the Approved Threshold Value for Petty Cash Transactions Up to R750 000 (Including VAT) Using Formal Written Price Quotation

2.6 Due to the significant volumes and very quick turnaround times required for ensuring negative operational impacts are minimised as well as a simplified process required for small and micro enterprises, a fixed formula will be utilised as per the table below for request for quotations and/ or deviations, where applicable.

2.7 The following Specific Goals should be considered during the planning phase of each quotation process. The goals adopted in the **below R750 000** space focuses on enabling a procurement process that is clear and simplified and able to respond to voluminous number of requests, whilst still achieving the vision of the PPPFA.

TABLE 1: ACQUISITION OF GOODS/SERVICES/CONSTRUCTION WORKS OR INCOME GENERATING CONTRACTS WITH A RAND VALUE GREATER THAN THE APPROVED THRESHOLD VALUE FOR PETTY CASH TRANSACTIONS UP TO R750 000 (INCLUDING VAT) USING FORMAL WRITTEN PRICE QUOTATION		
Specific Goals	**Achievement Level**	**Total Number of Points that May be Claimed**
Targeted Groups* (Women, Youth, HDI, Disabled, Military Veterans, Co-operative)	100%	4
	75% - 99%	3
	60% - 74%	2
	51% - 59%	1
	0 - 50%	0

*Ownership: Main Tendering Entity

TABLE 2: ACQUISITION OF GOODS/SERVICES/CONSTRUCTION WORKS OR INCOME GENERATING CONTRACTS WITH A RAND VALUE GREATER THAN R750 000 – R50 MILLION (INCLUDING VAT) USING COMPETITIVE BIDDING		
80/20 PREFERENCE POINT EVALUATION SYSTEM		
THE SPECIFIC GOALS AS LISTED IN TABLE BELOW ARE APPLICABLE:		
Specific Goals	**Portfolio of Evidence**	**Number of Points (80/20 System)**
PRICE		
Price	Bill of Quantities / Pricing Schedule, etc.	80
SPECIFIC GOALS		
Enterprises owned by HDI*	CSD Report	4
Enterprises owned by women*	CSD Report	4
Enterprises owned by people with disability*	Medical Certificate South African Social Security Agency (SASSA) registration National Council for Persons with Physical Disability in South Africa registration (NCPPDSA) CSD Report	4
Enterprises owned by black youth*	CSD Report	4
Locality including township development	Proof of address of Business Premises or lease / rental agreement of NMBM located property / Affidavit from SAPS.	4
TOTAL		**100**

Acquisition Of Goods/Services/Construction Works or Income Generating Contracts with a Rand Value Greater than R750 000 up to R50 Million (Including VAT) Using Competitive Bidding

2.8 The following Specific Goals should be considered during the planning phase of each tender process. **The following serves as options, goals and point values may be refined based on relevant market/industry.**

*Ownership: Main Tendering Entity

TABLE 3: ACQUISITION OF GOODS/SERVICES/ CONSTRUCTION WORKS OR INCOME GENERATING CONTRACTS WITH A RAND VALUE GREATER THAN R750 000 – R50 MILLION (INCLUDING VAT) USING COMPETITIVE BIDDING		
Specific Goals	**Achievement Level**	**Total Number of Points that May be Claimed**
Targeted Groups* (Women, Youth, HDI, Disabled, Military Veterans, Co-operative)	100%	4
	75% - 99%	3
	60% - 74%	2
	51% - 59%	1
	0 - 50%	0

2.9 **Locality points** will be allocated according to residents of the following:

TABLE 4: ALLOCATION OF LOCALITY POINTS	
Locality	**Points**
Nelson Mandela Bay Municipality	4
Sarah Baartman District	3
Eastern Cape Province	2
Outside Eastern Cape Province	0

90/10 Preference Point System for Tenders for Acquisitions of goods, work and/or services with a Rand Value Above R50 Million, where 90 Points are Allocated for Price, and 10 are Allocated for Specific Goals.

TABLE 5: 90/10 PREFERENCE POINT SYSTEM FOR TENDERS FOR ACQUISITIONS OF GOODS, WORK AND/OR SERVICES OR INCOME GENERATING CONTRACTS WITH A RAND VALUE ABOVE R50 MILLION USING COMPETITIVE BIDDING		
90/10 PREFERENCE POINT EVALUATION SYSTEM		
Specific Goals	**Portfolio of Evidence**	**Number of Points (90/10 System)**
PRICE		
Price	Bill of Quantities / Pricing Schedule, etc.	90
SPECIFIC GOALS		
Enterprises owned by HDI*	CSD Report	2
An EME or QSE or any entity which is at least 51% owned by women*	CSD Report	2
An EME or QSE or any entity which is at least 51% owned by people with disability*	Medical Certificate South African Social Security Agency (SASSA) registration National Council for Persons with Physical Disability in South Africa registration (NCPPDSA) CSD Report	2

*Ownership: Main Tendering Entity

TABLE 5: 90/10 PREFERENCE POINT SYSTEM FOR TENDERS FOR ACQUISITIONS OF GOODS, WORK AND/OR SERVICES OR INCOME GENERATING CONTRACTS WITH A RAND VALUE ABOVE R50 MILLION USING COMPETITIVE BIDDING		
90/10 PREFERENCE POINT EVALUATION SYSTEM		
Specific Goals	**Portfolio of Evidence**	**Number of Points (90/10 System)**
An EME or QSE or any entity which is at least 51% owned by youth*	CSD Report	2
Locality	Proof of address of Business Premises or lease / rental agreement of NMBM located property / Affidavit from SAPS.	2
TOTAL		**100**

TABLE 6: 90/10 PREFERENCE POINT SYSTEM FOR TENDERS FOR ACQUISITIONS OF GOODS, WORK AND/OR SERVICES OR INCOME GENERATING CONTRACTS WITH A RAND VALUE ABOVE R50 MILLION USING COMPETITIVE BIDDING		
Specific Goals	**Achievement Level**	**Total Number of Points that May be Claimed**
Targeted Groups* (Women, Youth, HDI, Disabled, Military Veterans, Co-operative)	100%	2
	75% - 99%	1.5
	60% - 74%	1
	51% - 59%	0.5
	0 - 50%	0

2.10 When evaluating bids of **joint ventures/consortia**, the following will apply:

a) preference points must be allocated proportionately for such bidders in terms of their attributes or qualification for the relevant Specific Goal that is being scored, subject to the joint venture/consortium submitting the relevant proof of substantiation of points claimed as stipulated in the bidding documents.

b) The points scored for the Specific Goals must then be added to the points scored for price and rounded off to the nearest two decimal points.

TABLE 7: ILLUSTRATION OF % ALLOCATION USING 80/20 PREFERENCE POINTS SYSTEM FOR SPECIFIC GOALS IN RESPECT OF JOINT VENTURES/CONSORTIA			
Partner Name	**JV% Contributing**	**Partner Name**	**JV% Contributing**
JV1	50.00%	JV2	50.00%
Points Claimable - Example		Results	
Specific Goal	Points Claimable	JV1	JV2
HDI*	4	100.00%	50.00%
Women*	4	50.00%	0.00%
Youth*	4	0.00%	100.00%
Disabled*	4	0.00%	0.00%
Co-operatives*	0	0.00%	0.00%
Military Veterans*	0	0.00%	0.00%

*Ownership: Main Tendering Entity

TABLE 7: ILLUSTRATION OF % ALLOCATION USING 80/20 PREFERENCE POINTS SYSTEM FOR SPECIFIC GOALS IN RESPECT OF JOINT VENTURES/CONSORTIA			
Partner Name	**JV% Contributing**	**Partner Name**	**JV% Contributing**
Locality	4	100.00%	100.00%
Subcontracting		0	

TABLE 8: ILLUSTRATION OF POINTS ALLOCATION BASED ON ABOVE % USING 80/20 PREFERENCE POINTS SYSTEM FOR SPECIFIC GOALS IN RESPECT OF JOINT VENTURES/CONSORTIA			
Specific Goal	**JV1**	**JV2**	**Total Points Scored for this JV**
HDI*	2	1	**3**
Women*	1	0	**1**
Youth*	0	2	**2**
Disabled*	0	0	**0**
Co-operatives*	0	0	**0**
Military Veterans*	0	0	**0**
Locality	2	2	**4**
Subcontracting	0	0	0

TABLE 9: ILLUSTRATION OF % ALLOCATION USING 90/10 PREFERENCE POINTS SYSTEM FOR SPECIFIC GOALS IN RESPECT OF JOINT VENTURES/CONSORTIA			
Partner Name	**JV% Contributing**	**Partner Name**	**JV% Contributing**
JV1	50.00%	JV2	50.00%
Points Claimable - Example		Results	
Specific Goal	Points Claimable	JV1	JV2
HDI*	2	100.00%	50.00%
Women*	2	50.00%	0.00%
Youth*	2	0.00%	100.00%
Disabled*	2	0.00%	0.00%
Co-operatives*	0	0.00%	0.00%
Military Veterans*	0	0.00%	0.00%
Locality	2	100.00%	100.00%
Subcontracting		0	

TABLE 10: ILLUSTRATION OF POINTS ALLOCATION BASED ON ABOVE % USING 90/10 PREFERENCE POINTS SYSTEM FOR SPECIFIC GOALS IN RESPECT OF JOINT VENTURES/CONSORTIA			
Specific Goal	**JV1**	**JV2**	**Total Points Scored for this JV**
HDI*	1	0.5	**1.5**
Women*	0.5	0	**0.5**
Youth*	0	1	**1**
Disabled*	0	0	**0**
Co-operatives*	0	0	**0**
Military Veterans*	0	0	**0**
Locality	1	1	**2**
Subcontracting	0	0	**0**

2.11 The NMBM regards the above activities as a contribution towards achieving the goals of the HDI and RDP, and as such grant preference points in the adjudication of tenders.

*Ownership: Main Tendering Entity

3. ROLES AND RESPONSIBILITIES FOR ALLOCATION OF SPECIFIC GOALS

TABLE 11: ROLES AND RESPONSIBILITIES FOR ALLOCATION OF SPECIFIC GOALS	
Responsible Person(s)	**Responsibility**
Bid Adjudication Committee (BAC)	• **Preference Points System**: The BAC applies the preference points system as per the Preferential Procurement Policy Framework Act (PPPFA), NMBM SCM Policy, and supporting guidelines. This involves allocating points to bids that meet Specific Goals, such as promoting local businesses or supporting previously disadvantaged individuals. • **Monitoring and Compliance**: The BAC ensures that the awarded contracts comply with the Specific Goals throughout the procurement process, ensuring that these contracts contribute to NMBM's broader socio-economic objectives.
Bid Evaluation Committee	• To evaluate the tender in accordance with the HDI/Specific Goals outlined in the tender document advertised.
Bid Specification Committee	• Prepare tender document on the latest NMBM template. • The BSC to determine which HDI or Specific Goal will be best suited for that specific tender based on market research, analysis or historical data in at the disposal of the NMBM, and NMBM and advertised accordingly for evaluation criteria to be fairly applied.
City Manager	• **Strategic Oversight**: The City Manager ensures that the procurement processes align with the NMBM's strategic goals, such as promoting local economic development and supporting previously disadvantaged groups. • **Compliance and Monitoring**: The City Manager oversees compliance with relevant legislation and policies, such as the Preferential Procurement Policy Framework Act (PPPFA) and PPR, ensuring that Specific Goals are integrated into the procurement process and monitored for effectiveness.
SCM Officials	• Assist, guide, advise and direct Line Departments Directorates regarding due process.
Line Director Senior Management	• To approve the specification and tender document to document to be advertised to align with evaluation criteria.

*Ownership: Main Tendering Entity

4. MONITORING AND ASSESSMENT

4.1 The NMBM does not currently have oversight regarding the impact of the PPR, 2022 and the change in evaluating Specific Goals rather than B-BBEEE contribution status. The newly issued regulations took effect from 16 January 2023. Only tenders advertised after this period included the new Specific Goals (HDI and RDP) and as a result the impact of the new regulations will only become known upon award in the future.

4.2 Monitoring mechanisms are currently being considered. These mechanisms aim to develop a set of measures parallel to what is currently being implemented through the PPR, 2022, to be used for future considerations and amendments to this guide where feasible.