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TO ALL
ACCOUNTING OFFICERS: NATIONAL DEPARTMENTS
HEADS: PROVINCIAL TREASURIES
CHIEF FINANCIAL OFFICERS: PROVINCIAL DEPARTMENTS
CHIEF EXECUTIVE OFFICERS / CHIEF FINANCIAL OFFICERS: CONSTITUTIONAL INSTITUTIONS AND PUBLIC ENTITIES

Supply Chain Management Office
Practice Note Number SCM 1 of 2005

NATIONAL INDUSTRIAL PARTICIPATION PROGRAMME : STANDARD BIDDING DOCUMENT (SBD 5)

The Standard Bidding Document in respect of the National Industrial Participation Programme (SBD 5), issued to accounting officers / authorities in accordance with the Framework for Supply Chain Management as part of Practice Note Number SCM 1 of 2003 dated 5 December 2003, has been amended.

The revised form makes provision for specific bid details and the latest contact information of the Department of Trade and Industry (the dti).

The Industrial Participation (IP) policy, which was endorsed by Cabinet on 30 April 1997, is applicable to contracts that have an imported content. This programme is intended to enable the dti to negotiate obligation agreements, such as investments, joint ventures, sub-contracting, licensee production, export promotion, sourcing arrangements and research and development collaboration, with service providers that are contracted to supply institutions with goods, works or services that have imported content.

To this end, accounting officers / authorities are required to utilize the Standard Bidding Document for NIPP (SBD 5) when inviting bids that are subject to IP obligations. Clearance must be obtained from the dti prior to the award of any bid that has an imported content in excess of R10 million (ten million rands).

The SBD 5 issued on 5 December 2003 must be replaced with the attached revised SBD 5. The standard wording of this document should not be amended.

Jan Breytenbach
JAN BREYTENBACH
CHIEF DIRECTOR: NORMS AND STANDARDS
DATE: 2005/01/21

JS333W

Failure to submit this document with your bid
may result in the invalidation of your bid

THE NATIONAL INDUSTRIAL PARTICIPATION PROGRAMME

INTRODUCTION

The principle of Industrial Participation (IP) became obligatory with effect from 1 September 1996. The IP policy and guidelines were fully endorsed by Cabinet on 30 April 1997. In essence this means that all state and parastatal purchases / lease contracts (goods, works and services) entered into after this date are subject to an IP obligation. **No contract will be awarded to a bidder if the latter has not satisfied the Industrial Participation requirement.**

1. PILLARS OF THE PROGRAMME

1.1 The IP obligation is benchmarked on the imported content of the contract. Any contract having an imported content equal to or exceeding US$ 10 million or other currency equivalent to US$ 10 million will have an IP obligation. This threshold can be reached as follows:

(i) Any single contract exceeding US $10 million; or

(ii) multiple contracts for the same products or services each exceeding US $3 million awarded to one seller over a 2 year period which in total exceeds US $10 million; or

(iii) a contract with a renewable option clause, where should the option be exercised the total value will exceed US $10 million.

1.2. The obligation will amount to 30 % of the imported content. That is, if the imported content is $10 million, the obligation will amount to $3 million. IP arrangements to satisfy the obligation include investments, joint ventures, sub-contracting, licensee production, export promotion, sourcing arrangements and Research and Development (R&D) collaboration, that can be negotiated with partners or suppliers.

1.3. A period of seven years has been identified as the time frame in which to discharge the obligation.

1.4. IP is obligatory and therefore must be addressed.

2. REQUIREMENTS OF THE DEPARTMENT OF TRADE AND INDUSTRY

2.1 To enable the Department of Trade and Industry to determine whether the total amount of various contracts, including those with renewal options, awarded by the relevant organs of State to a specific contractor, exceeds the prescribed threshold of US $ 10 million, accounting officers/ authorities are required to obtain clearance from the Department of Trade and Industry regarding the National Industrial Participation Programme prior to the award of any bid in excess of R10 million **(ten million rands).**

3. HOW TO SATISFY THE IP REQUIREMENTS

1. Bidders are advised to initiate discussions with the Department of Trade and Industry (Industrial Participation Secretariat) regarding business proposals.

2. Business proposals must reflect new or incremental economic activity that is to be to the mutual benefit of both the South African economy and to the bidder. Projects must be submitted to the Industrial Participation Secretariat for approval before implementation.

3. Conditional contracts, subject to winning the bid, are signed with all potential bidders. An agreement only becomes effective upon winning the bid. Only one contract will therefore become effective. This agreement is between the Industrial Participation Secretariat and the bidder and therefore does not involve the purchasing entity.

A conditional agreement for the purpose of this bid has been reached between the bidder and the Industrial Participation Secretariat.

BID NUMBER......................

DESCRIPTION OF GOODS, WORKS OR SERVICES..

CLOSING DATE...................

	Name of company / bidder:
	....
	....
	Signature: Bidder
	Name (in print): ....
....	Telephone number: ....
Signed on behalf of the dti	
Name (in print):	Fax number: ....
Date:	Postal Address: ....
	....
	....
	Date: ....

4. **For further details about the programme, contact -**

The Department of Trade and Industry (the dti)
Private Bag X84
PRETORIA
0001

Telephone numbers:	(012) 394-1389 0861 843384
Fax number:	(012) 394-2389