



Supply Chain Management

Invitation and evaluation of bids based on a stipulated minimum threshold for local production and content

The purpose of this Circular is to draw the attention of accounting officers of municipalities and municipal entities to the communiqué issued by the National Treasury regarding the invitation and evaluation of bids relating to sectors that have been designated for local production and content.

Regulation 9(1) of the Preferential Procurement Regulations, 2011 makes provision for the Department of Trade and Industry to designate sectors where in the award of bids, local production and content is of critical importance. Such bids must be advertised with a specific condition that only locally produced goods, works or services or locally manufactured goods with a stipulated minimum threshold for local production and content will be considered.

Since 16 July 2012, the Minister of Finance has approved the issuance of directives together with the Municipal Bidding Documents (MBD 6.2) '*Declaration Certificate for Local Production and Content for Designated Sectors*' for the following sectors that have been designated:

- Textile, clothing, leather and footwear;
- Buses (bus body);
- Steel power pylons;
- Canned / processed vegetables;
- Rail rolling stock;
- Set top boxes;
- Furniture; and
- Electrical and telecom cable products.

Accounting officers of municipalities and municipal entities are required to procure any requirements, relating to the above mentioned designated sectors, in accordance with the attached directives and MBD 6.2. All queries in this regard should be directed to Mr. Jeyrel Soobramanian on telephone number (012) 315-5336 or e-mail Jeyrel.Soobramanian@treasury.gov.za.

You are kindly requested to bring the content of this Circular including the annexures to the attention of all SCM practitioners.

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- Annexure A: Instruction note on a stipulated minimum threshold for the local product and content for furniture products
- Annexure B: Instruction note on a stipulated minimum threshold for the local product and content for steel power pylons sector
- Annexure C: Instruction note on a stipulated minimum threshold for the local product and content for textile, clothing, leather and footwear sector
- Annexure D: Instruction note on a stipulated minimum threshold for the local product and content for electricity and telecom cable sector
- Annexure E: Instruction note on a stipulated minimum threshold for the local product and content for set top boxes sector
- Annexure F: Instruction note on a stipulated minimum threshold for the local product and content for bus sector
- Annexure G: Instruction note on a stipulated minimum threshold for the local product and content for canned or processed vegetables sector
- Annexure H: Instruction note on a stipulated minimum threshold for the local product and content for rail rolling stock sector
- Annexure I: Implementation Guideline on PPPFA and the Regulations
- Annexure J: Preferential Procurement Policy Framework Act 5 of 2000
- Annexure K: MBD Forms