

## GUIDELINE FOR COMPLETION OF LOCAL CONTENT BID FORMS

This guideline provides tenderers with a description of how to calculate local content of products (goods, services and works) by components/material/services and enables them to keep an updated record for verification requirements as per SATS 1286:2011 Annexure A and B. Annexure B as per SATS 1286:2011 is the Local Content Declarations.

The guidelines and declarations should be used by tenderers when preparing a tender. A tenderer must complete **Annexures D and E**, and consolidate the information on **Annexure C**. **Annexure C** must be signed and dated and submitted with the tender by the closing date and time as determined. If the tender is successful, the tenderer must continuously update the declarations with actual values for the duration of the contract.

### Completion of SBD 6.2

1. Bids in respect of certain sectors must contain a specific bidding condition that:
  - a. Only locally produced or locally manufactured items from local raw material or input will be considered.
  - b. If the raw material or input to be used for a specific item is not available locally, bidders should obtain written authorization from **the dtic** should there be a need to import such raw material or input; and
  - c. A copy of the authorization letter must be submitted together with the bid document at the closing date and time of the bid.
2. The local content expressed as a percentage of the bid price shall be calculated in accordance with the formula as per SABS approved technical specification [SATS 1286:2011](#).
3. The Declaration certificate SBD 6.2 for local production and content **together with** Annexure C, D and E for Local Content Declaration **must be duly completed and signed**.
4. It is the responsibility of the bidder:
  - a. To include the proof of exchange rate where applicable (relevant rates of exchange information is accessible on <https://www.resbank.co.za>).
  - b. To attach a copy of authorization letter together with bid document where applicable.
  - c. Complete the declaration certificate Item 3 and 3.1.
  - d. Complete, sign and date the Local Content declaration.

## Calculation of Local Content

1. Identify the imported content, if any, by value for products by component/material/services. In the case of items sourced from a South African manufacturer, agent, supplier or 3<sup>rd</sup> party, obtain that information and Declaration d from the 3<sup>rd</sup> party.
2. Calculate the imported content of items to be used in the manufacture of the local quantity of the products for which the tender is to be submitted. If information on the origin of the items is not available, it will be deemed to be imported content.
3. When the tenderer import the items directly, the tenderer must provide evidence of any items that are procured from a non-domestic source. The evidence should be verifiable and pertain to the tender as a whole. Evidence will include commercial invoices, bills of entry, etc.
4. When the tenderer supplies the items that are imported by a 3<sup>rd</sup> party, the onus is still on the tenderer to obtain verifiable evidence from the 3<sup>rd</sup> party. The tenderer must obtain Declaration D from all 3<sup>rd</sup> parties.
5. Exemptions, if any, are granted by the Department of Trade Industry and Competition (**the dtic**) and evidence must be provided and included in Annexure D.
6. Identify and calculate the local content by value for products by components/materials/services to be used in the manufacture of the total quantity of the products.
7. **Calculation of local content per item:** Provide local value of the item by deducting the Imported value (C13) from the net tender value (C12). The local content percentage can be calculated by dividing the local value (C14) by the net tender value (C12).
8. **Calculation of imported content per tender:** The total tender value net of exempt imported content is the local tender value (C20) less the total exempted imported content (C21). The total imported content is the sum of the values in (C19). This value must correspond with the value of D53 on Annexure D.
9. **Calculation of local content per tender:** The local content is the total tender value net of exempted imported content (C22) less the total imported content (C23). This value must correspond with the value of E13 on Annexure E.
10. **Average local content percentage of tender:** the average local content percentage of tender is calculated by dividing total local content (C24) by the total tender value net of exempted imported content (C22).

For more information on how to complete the SBD 6.2 documentation, please follow the [Guidance document for calculation of local content](http://www.thedtic.gov.za) as found on <http://www.thedtic.gov.za>

## DECLARATION CERTIFICATE FOR LOCAL PRODUCTION AND CONTENT FOR DESIGNATED SECTORS

This Standard Bidding Document (**CBD**) must form part of all bids invited. It contains general information and serves as a declaration form for local content (local production and local content are used interchangeably).

Before completing this declaration, bidders must study the General Conditions, Definitions, Directives applicable in respect of Local Content as prescribed in the Preferential Procurement Regulations, 2017, the South African Bureau of Standards (SABS) approved technical specification number SATS 1286:2011 (Edition 1) and the Guidance on the Calculation of Local Content together with the Local Content Declaration Templates [Annex C (Local Content Declaration: Summary Schedule), D (Imported Content Declaration: Supporting Schedule to Annex C) and E (Local Content Declaration: Supporting Schedule to Annex C)].

### 1. General Conditions

- 1.1. Preferential Procurement Regulations, 2017 (Regulation 8) makes provision for the promotion of local production and content.
- 1.2. Regulation 8.(2) prescribes that in the case of designated sectors, organs of state must advertise such tenders with the specific bidding condition that only locally produced or locally manufactured goods, with a stipulated minimum threshold for local production and content will be considered.
- 1.3. Where necessary, for bids referred to in paragraph 1.2 above, a two stage bidding process will be followed, where the first stage involves a minimum threshold for local production and content and the second stage price and B-BBEE.
- 1.4. A person awarded a contract in relation to a designated sector, may not sub-contract in such a manner that the local production and content of the overall value of the contract is reduced to below the stipulated minimum threshold.
- 1.5. The local content (LC) expressed as a percentage of the bid price must be calculated in accordance with the SABS approved technical specification number SATS 1286: 2011 as follows:

$$LC = [1 - x / y] * 100$$

Where

x is the imported content in Rand

y is the bid price in Rand excluding value added tax (VAT)

Prices referred to in the determination of x must be converted to Rand (ZAR) by using the exchange rate published by South African Reserve Bank (SARB) at 12:00 on the date of the first advertisement of the bid as indicated in paragraph 4.1 below.

**The SABS approved technical specification number SATS 1286:2011 is accessible on <http://www.thedtic.gov.za/wp-content/uploads/IP-guideline.pdf> at no cost.**

- 1.6 A bid may be disqualified if –
  - (a) this Declaration Certificate and the Annex C (Local Content Declaration: Summary Schedule) are not submitted as part of the bid documentation; and
  - (b) This Declaration Certificate and Annexure C are not completed and fully signed.

## 2. Definitions

- 2.1. **“bid”** includes written price quotations, advertised competitive bids or proposals;
- 2.2. **“bid price”** price offered by the bidder, excluding value added tax (VAT);
- 2.3. **“contract”** means the agreement that results from the acceptance of a bid by an organ of state;
- 2.4. **“designated sector”** means a sector, sub-sector or industry that has been designated by the Department of Trade and Industry in line with national development and industrial policies for local production, where only locally produced services, works or goods or locally manufactured goods meet the stipulated minimum threshold for local production and content;
- 2.5. **“duly sign”** means a Declaration Certificate for Local Content that has been signed by the Chief Financial Officer or other legally responsible person nominated in writing by the Chief Executive, or senior member / person with management responsibility(close corporation, partnership or individual).
- 2.6. **“imported content”** means that portion of the bid price represented by the cost of components, parts or materials which have been or are still to be imported (whether by the supplier or its subcontractors) and which costs are inclusive of the costs abroad (this includes labour or intellectual property costs), plus freight and other direct importation costs, such as landing costs, dock duties, import duty, sales duty or other similar tax or duty at the South African port of entry;
- 2.7. **“local content”** means that portion of the bid price which is not included in the imported content, provided that local manufacture does take place;
- 2.8. **“stipulated minimum threshold”** means that portion of local production and content as determined by the Department of Trade and Industry; and
- 2.9. **“sub-contract”** means the primary contractor’s assigning, leasing, making out work to, or employing another person to support such primary contractor in the execution of part of a project in terms of the contract.

3. The stipulated minimum threshold(s) for local production and content (refer to Annex A of SATS 1286:2011) for this bid is/are as follows:

Description of services, works or goods  
(For office use only.)

Stipulated minimum threshold (%)

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4. Does any portion of the services or goods offered have any imported content?  
(Tick applicable box)

YES		NO	
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- 4.1 If yes, the rate(s) of exchange to be used in this bid to calculate the local content as prescribed in paragraph 1.5 of the general conditions must be the rate(s) published by SARB for the specific currency at 12:00 on the date of the first advertisement of the bid. **First date of advert to be used in this tender.**

The relevant rates of exchange information is accessible on on <https://www.resbank.co.za>

Indicate the rate(s) of exchange against the appropriate currency in the table below (refer to Annex A of SATS 1286:2011):

Currency	Rates of exchange
US Dollar	
Pound Sterling	
Euro	
Yen	
Other	

**NB: Bidders must submit proof of the SARB rate (s) of exchange used.**

5. Where, after the award of a bid, challenges are experienced in meeting the stipulated minimum threshold for local content **the dtic** must be informed accordingly in order for **the dtic** to verify and in consultation with the AO/AA provide directives in this regard.

**LOCAL CONTENT DECLARATION**  
**(REFER TO ANNEX B OF SATS 1286:2011)**

**LOCAL CONTENT DECLARATION BY CHIEF FINANCIAL OFFICER OR OTHER LEGALLY RESPONSIBLE PERSON NOMINATED IN WRITING BY THE CHIEF EXECUTIVE OR SENIOR MEMBER/PERSON WITH MANAGEMENT RESPONSIBILITY (CLOSE CORPORATION, PARTNERSHIP OR INDIVIDUAL)**

**IN RESPECT OF BID NO.** ...../.....

**ISSUED BY:** Casidra SOC Ltd.

1. The obligation to complete, duly sign and submit this declaration cannot be transferred to an external authorized representative, auditor or any other third party acting on behalf of the bidder.
2. Guidance on the Calculation of Local Content together with Local Content Declaration Templates (Annex C, D and E) is accessible on [http://www.thdti.gov.za/industrial\\_development/ip.jsp](http://www.thdti.gov.za/industrial_development/ip.jsp). Bidders should first complete Declaration D. After completing Declaration D, bidders should complete Declaration E and then consolidate the information on Declaration C. **Declaration C should be submitted with the bid documentation at the closing date and time of the bid in order to substantiate the declaration made in paragraph (c) below.** Declarations D and E should be kept by the bidders for verification purposes for a period of at least 5 years. The successful bidder is required to continuously update Declarations C, D and E with the actual values for the duration of the contract.

I, the undersigned, ..... (full names), do hereby declare, in my capacity as ..... of ..... (name of bidder entity), the following:

- (a) The facts contained herein are within my own personal knowledge.
- (b) I have satisfied myself that:
  - (i) the goods/services to be delivered in terms of the above-specified bid comply with the minimum local content requirements as specified in the bid, and as measured in terms of SATS 1286:2011;
- (c) The local content percentage (%) indicated below has been calculated using the formula given in clause 3 of SATS 1286:2011, the rates of exchange indicated in paragraph 4.1 above and the information contained in Declaration D and E which has been consolidated in Declaration C:

Bid price, excluding VAT (y)	R
Imported content (x), as calculated in terms of SATS 1286:2011	R
Stipulated minimum threshold for local content (paragraph 3 above)	
Local content %, as calculated in terms of SATS 1286:2011	

**If the bid is for more than one product, the local content percentages for each product contained in Declaration C shall be used instead of the table above.**

**The local content percentages for each product has been calculated using the formula given in clause 3 of SATS 1286:2011, the rates of exchange indicated in paragraph 4.1 above and the information contained in Declaration D and E.**

- (d) I accept that the Procurement Authority / Institution has the right to request that the local content be verified in terms of the requirements of SATS 1286:2011.

(d) I understand that the awarding of the bid is dependent on the accuracy of the information furnished in this application. I also understand that the submission of incorrect data, or data that are not verifiable as described in SATS 1286:2011, may result in the Procurement Authority / Institution imposing any or all of the remedies as provided for in Regulation 14 of the Preferential Procurement Regulations, 2017 promulgated under the Preferential Policy Framework Act (PPPFA), 2000 (Act No. 5 of 2000).

**SIGNATURE:** \_\_\_\_\_

**DATE:** \_\_\_\_\_

**WITNESS No. 1** \_\_\_\_\_

**DATE:** \_\_\_\_\_

**WITNESS No. 2** \_\_\_\_\_

**DATE:** \_\_\_\_\_