

## Features of a sound Joint Venture Agreement

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Should you decide to bid through a Joint Venture, it is very important that you have a sound Joint Venture Agreement in place for your Joint Venture. A good, rock solid Joint Venture Agreement will protect the parties in the Joint Venture.

Include your duly signed Joint Venture Agreement in your tender proposal. If you do not comply with this rule, your tender can be disqualified. Therefore a Joint Venture must have its own set of rules by which it is managed, and this is called a Joint Venture Agreement. A Joint Venture agreement must include some minimum rights and duties.

This includes:

1. The purpose of the Joint Venture must be clearly defined;
2. The persons who will be the representatives of the Joint Venture.
3. Establish a Lead Partner in the Joint Venture and use the Lead Partner's information when completing the Standard Bidding Documents and any other forms or documents;
4. The percentage participation of all the members must be clearly stated. The way the participants will share the profit or loss; Remember that the members share in the profits and losses of the Joint Venture and the percentage in which this will be, must be indicated as such.
5. There must be a paragraph that provides the formation of the management body for the Joint Venture;
6. A management body must ensure that there is consensus between the members of the Joint Venture to prevent the activities of the business being slowed down because the members cannot agree on how the business is run.
7. The dispute resolution must be effective, easy, and not expensive to reach;
8. The duties of each participant towards the Joint Venture; There must be clear and comprehensive guidelines that sets out the contributions to be made by each member towards the activities of the Joint Venture in securing and executing the contract and monetary values should be allocated to every member's contribution. All members must provide meaningful input to the management activities of the Joint Venture as well as the policies thereof;
9. There must be a safeguard to limit, as far as possible, any losses to the Joint Venture because one of the members default on their responsibilities;
10. The Joint Venture Agreement must be flexible enough to allow for Joint Ventures which differ in objectives, inputs by members and management systems;
11. The Joint Venture Agreement must be tender specific – this means the name of the tender as well as the tender number must be mentioned in the Joint Venture Agreement;
12. Finally, the Joint Venture Agreement must be tender specific. The start and end date of the Joint Venture; and The reason the Joint Venture has been established; A different Joint Venture must be in place for different tenders.

Make sure that your Joint Venture Agreement contains all these features. This will ensure that you are covered against most unforeseen contingencies.

If you want a copy of a Standard Joint Venture Agreement visit <https://howtotender.co.za/joint-ventures/>

To learn more about this and many other tender conditions attend our "Become a Tender Expert" 2-Day workshops presented in Johannesburg, Pretoria, Durban, Port Elizabeth, and Cape Town. Book and pay online at <https://howtotender.co.za/tender-expert-form/>

Contact us at [estelle@howtotender.co.za](mailto:estelle@howtotender.co.za) should you require more information.

*You can also purchase a Tender Manual (Handbook) on our website <https://howtotender.co.za/> which is a step by step guide how to respond to a South African Tender. It includes examples of completed SBD forms.*