

Joint Ventures and B-BBEE

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Government Entities must use the Preferential Procurement Point System to calculate which tender response will be awarded the tender and if you do not have a good B-BBEE Score and if it is a close race, you are going to lose out with a low B-BBEE Score.

On 1 May 2015, the Amended B-BBEE Codes of Good Practice came into effect. These Amended Codes place a lot of emphasis on Ownership and have a major impact on the B-BBEE Scores of all businesses that participate in B-BBEE in South Africa. If your company is not going to score any points on Ownership you are also going to struggle to achieve a good B-BBEE Level. This will negatively impact your tender response.

Joint Ventures can be a great tool to use to increase B-BBEE Scores by joining forces with Black Owned companies thus increasing your Ownership. If you have the correct Joint Venture partner, with a good B-BBEE score, the overall score that you will achieve in the Preferential Procurement Point System can be much higher than going into the tender alone.

When bidding through a Joint Venture, the Joint Ventures must submit a Consolidated B-BBEE certificate if it is not an incorporated entity when responding to tenders. This means that you will have to obtain a new B-BBEE certificate for the Joint Venture which consolidates each participant's B-BBEE status level. You apply for a Consolidated B-BBEE certificate at your B-BBEE Verification Agency who will issue the Consolidated B-BBEE certificate after combining the Joint Venture partners' B-BBEE Certificates – this should not be a tedious task and it should not take long at all.

The Consolidated B-BBEE certificate must be tender specific – in other words it must contain the name and number of the tender that you are responding to.

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 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.