

Local Content

Contents

1.	History	4
2.	The Designated Sectors	5
3.	Organ of State responsibilities.....	8
4.	Local Content and Sub-contracting.....	8
5.	Definitions.....	9
5.1.	Local Content Definition.....	9
5.2.	A better definition for Local Content	9
5.3.	Exempted Content as part of the definition for Local Content.....	10
5.4.	Imported Content Definition	10
5.4.1.	Value of Imported Content	10
5.4.2.	3 rd party suppliers	11
5.5.	Other Definitions.....	11
6.	Exemptions	12
6.1.	The Exemption Process	12
6.2.	Goods deemed to be Local Content	13
7.	The Local Content Guidance Document.....	14
8.	Annexures A, B, C, D & E - Definitions.....	15
9.	Standard Bidding Document 6.2 – Local Content Declaration.....	15
10.	Annexure C – Explanation of fields to be completed.....	16
11.	Annexure D – Explanation of fields to be completed	18
12.	Annexure E – Explanation of fields to be completed.....	22
13.	Easy example	23
13.1.	Easy Example: Completing the Standard Bidding Document as well as Annexures C, D & E.....	24
13.1.1.	Annexure D	24
13.1.2.	Annexure E.....	26
13.1.3.	Annexure C.....	27
13.2.	Easy Example: Completed Standard Bidding Document 6.2 (SBD 6.2).....	28
14.	Typical Local Content Scenarios.....	32
15.	Scenario 1	33

15.1.	General information.....	33
15.2.	General Tender information.....	33
15.3.	Completing Annexures C, D & E.....	34
15.3.1.	Annexure D	34
15.3.2.	Annexure E.....	36
15.3.3.	Annexure C.....	37
15.4.	Completing Standard Bidding Document 6.2 (SBD 6.2).....	38
16.	Scenario 2	42
16.1.	General information.....	42
16.2.	General Tender information.....	42
16.3.	Completing Annexures C, D & E.....	43
16.3.1.	Annexure D	43
16.3.2.	Annexure E.....	45
16.3.3.	Annexure C.....	46
16.4.	Completing Standard Bidding Document 6.2 (SBD 6.2).....	47
17.	Scenario 3	51
17.1.	General information.....	51
17.2.	General Tender information.....	51
17.3.	Completing Annexures C, D & E.....	52
17.3.1.	Annexure D	52
17.3.2.	Annexure E.....	54
17.3.3.	Annexure C.....	55
17.4.	Completing Standard Bidding Document 6.2 (SBD 6.2).....	56
18.	Scenario 4	60
18.1.	General information.....	60
18.2.	General Tender information.....	60
18.3.	Completing Annexures C, D & E.....	62
18.3.1.	Annexure D	62
18.3.2.	Annexure E.....	65
18.3.3.	Annexure C.....	66
18.4.	Completing Standard Bidding Document 6.2 (SBD 6.2).....	67
19.	General information.....	71

1. History

Local Content or Designated Sectors exists to restore manufacturing capacity in South Africa.

If an Entity wants to supply goods to an Organ of State **and** those goods are part of the Designated Sectors, then that Entity will have to comply with the Local Content Rules and Regulations.

According to Regulation 3(c) of the Preferential Procurement Regulations, 2017, an Organ of State must determine whether the goods or services for which a tender is to be invited, are in a Designated Sector for local production and content envisaged in Regulation 8 of the Preferential Procurement Regulations 2017.

IMPORTANT

The calculation of the Local Content percentage is a principal that needs to be understood.

Once a bidder understands the principal of calculating the Local Content percentage in a tender the bidder will be able to calculate any product's Local Content percentage.

This manual is designed to teach the bidder the Local Content percentage principal.