

PREFERENTIAL PROCUREMENT POLICY FRAMEWORK ACT (PPPFA)

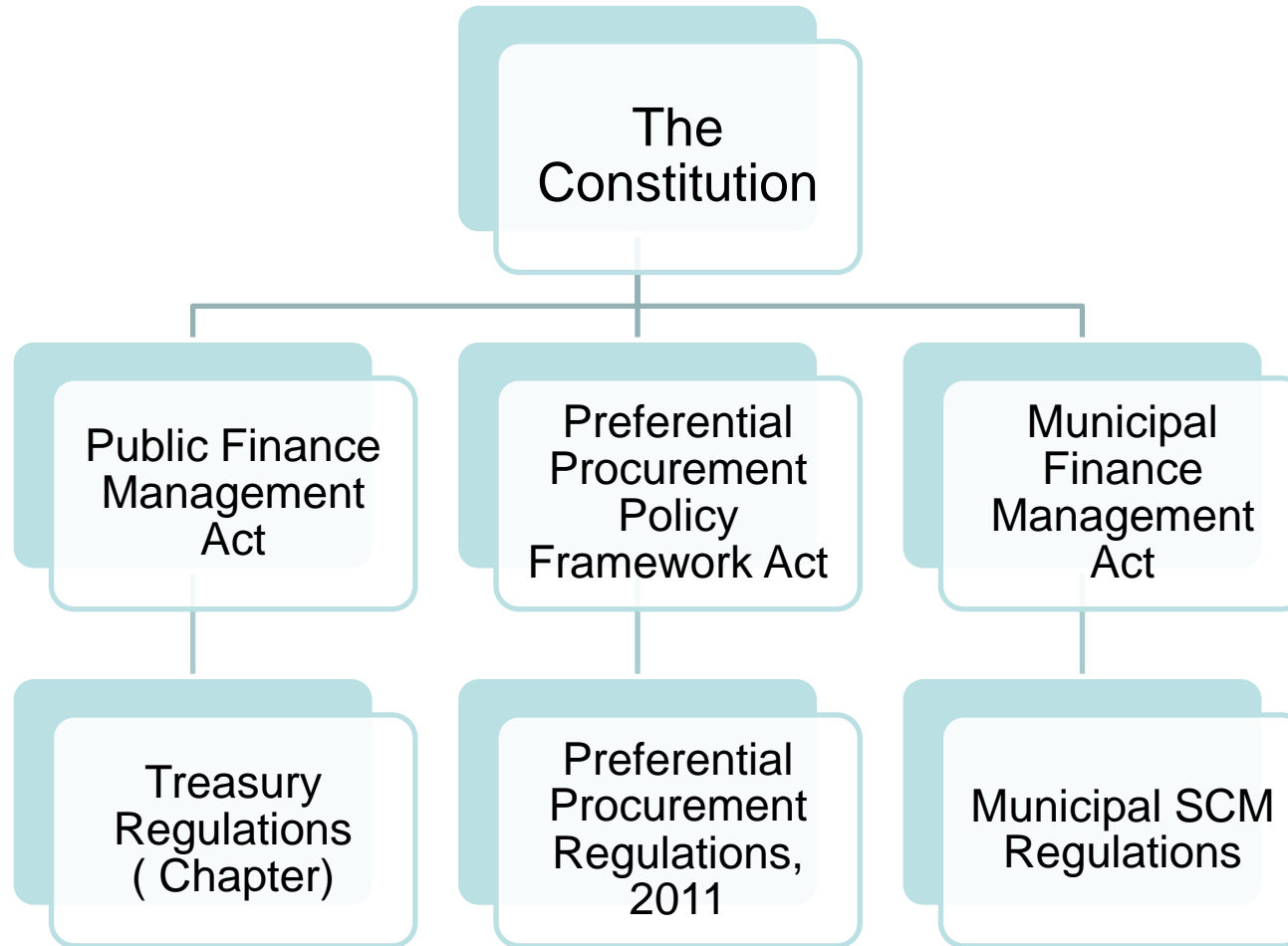
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national treasury

Department:
National Treasury
REPUBLIC OF SOUTH AFRICA

PUBLIC PROCUREMENT LEGISLATIVE HIERARCHY



Constitutional Provisions

- Section 217(1) Contracting for goods or services must be done in accordance with a system which is fair, equitable, transparent, competitive and cost-effective,
- Section 217(2) Does not prevent the state from implementing a procurement policy providing for:
 - ✓ Category of preference in allocating contracts
 - ✓ Protection/advancement of persons, or categories of persons, disadvantaged by unfair discrimination,
- Section 217(3) National legislation must prescribe a framework for the procurement policy referred to in Section 217(2).

Preferential Procurement Policy Framework Act (PPPFA)

- It prescribes a preference point system followed in awarding of tenders,
- The PPPFA Regulations, 2011 came into effect during December 2011,
- Aligned the PPPFA with the aims of B-BBEE Act and its Codes of Good Practice,
- Applicable to also state owned companies (SOCs).

Preferential Procurement Policy Framework Act (PPPFA)

- A preference point system must be followed in awarding of tenders,
 - ✓ Price and empowerment
 - ✓ Basis for award
- Specific goals
 - ✓ These goals must be clearly specified in the tender document.

Preferential Procurement Policy Framework Act (PPPFA)

Industrialization objectives:

- Regulation 9 provides for Local Content/ Designations
 - ✓ For designated sectors, it's a specific condition of the tender
 - ✓ Allowed for non-designated sectors as well
 - ✓ Measurable/auditable and reporting requirement
- A two stage bidding process may be followed
 - ✓ First, functionality and local content
 - ✓ Second, price and B-BBEE
- Provides for exemptions

Preferential Procurement Policy Framework Act (PPPFA)

- Concerns raised around the PPPFA and its regulations
 - ✓ Goes against the ideals of section 217(2) of the Constitution
 - ✓ Hinders transformation and redistribution
- What is the actual general problem:
 - ✓ More operational than legislative
 - ✓ Capacity to implement PPPFA

Preferential Procurement Policy Framework Act (PPPFA)

- What is the actual problem with SOCs
 - ✓ Empowerment targets not disclosed,
 - ✓ Statistics on companies empowered prior to 2011 not provided,
 - ✓ Applications for blanket exemptions from PPPFA,
 - ✓ Outsourcing empowerment responsibilities.

How can the CPO assist with oversight

- Through promotion of transparency
 - Release procurement information
 - ✓ Tenders to be advertised,
 - ✓ Tenders awarded (company info and pricing).
 - Reporting framework similar to PFMA and MFMA
 - ✓ Release procurement information monthly, quarterly annually depending on type of information,
 - ✓ Annual reports to contain procurement information.
 - Regular briefings to parliament and legislatures

THANK YOU