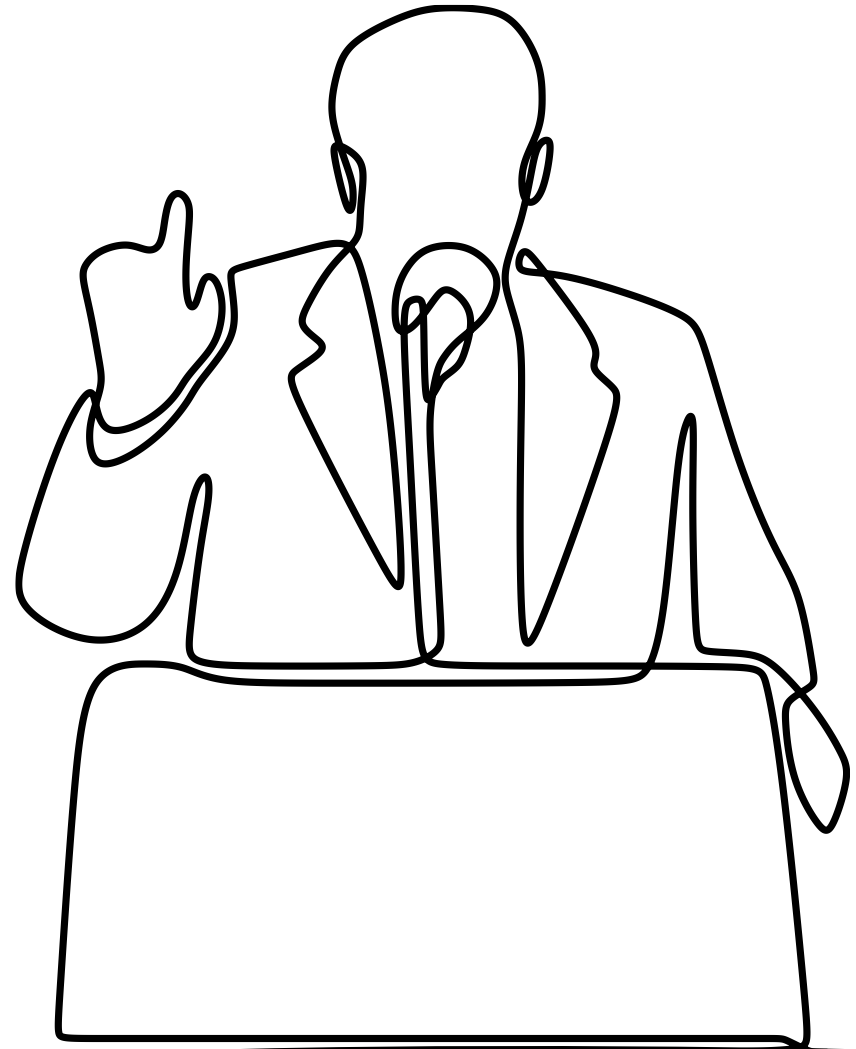
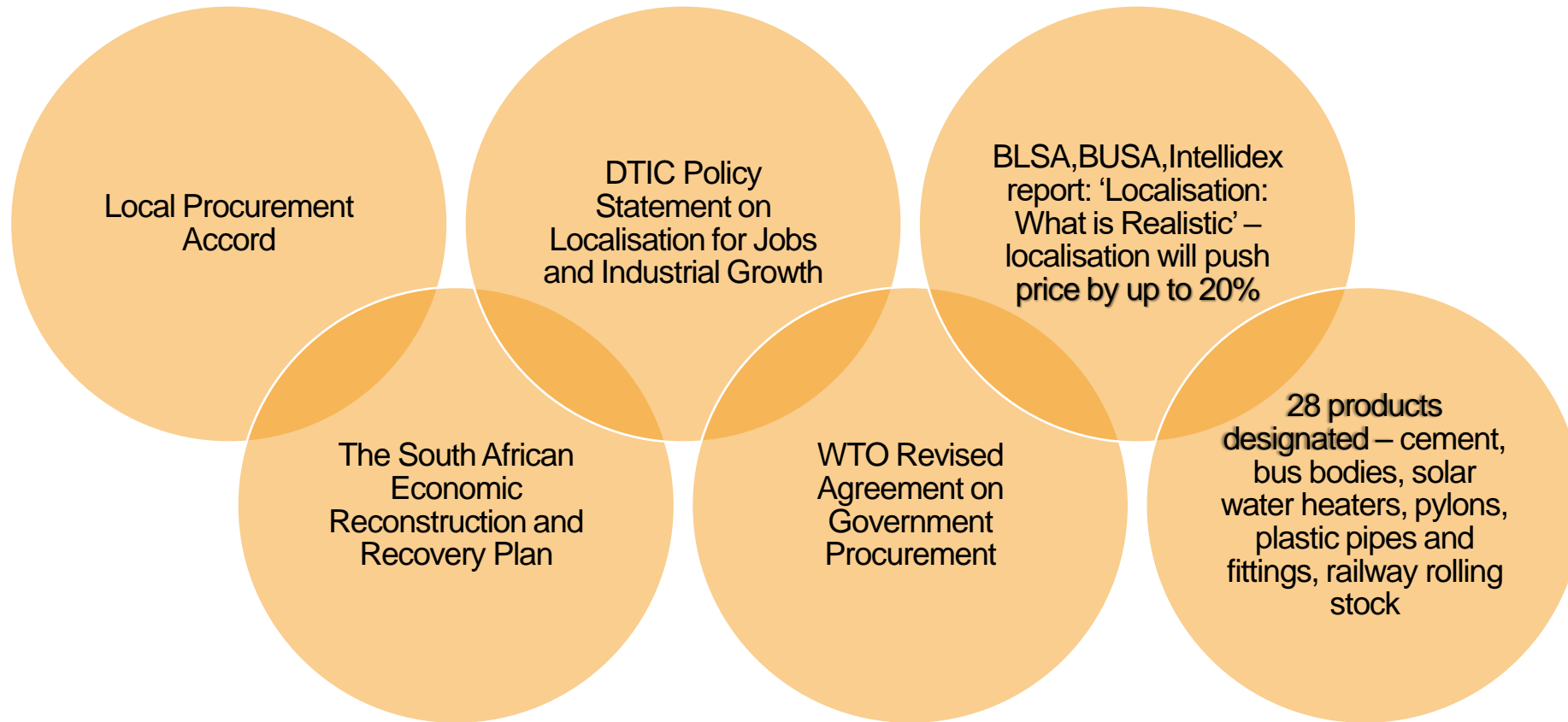


19 July 2022

Designation



The context of 'designation'



What is 'designation'?

A government policy that requires that goods and services are produced locally from (mostly) 'local' components.

What is the law on 'designation'?

The Preferential Procurement Regulations 2017 (from the PPPFA and s 217 of the Constitution)

Tender bids are evaluated at 2 stages:

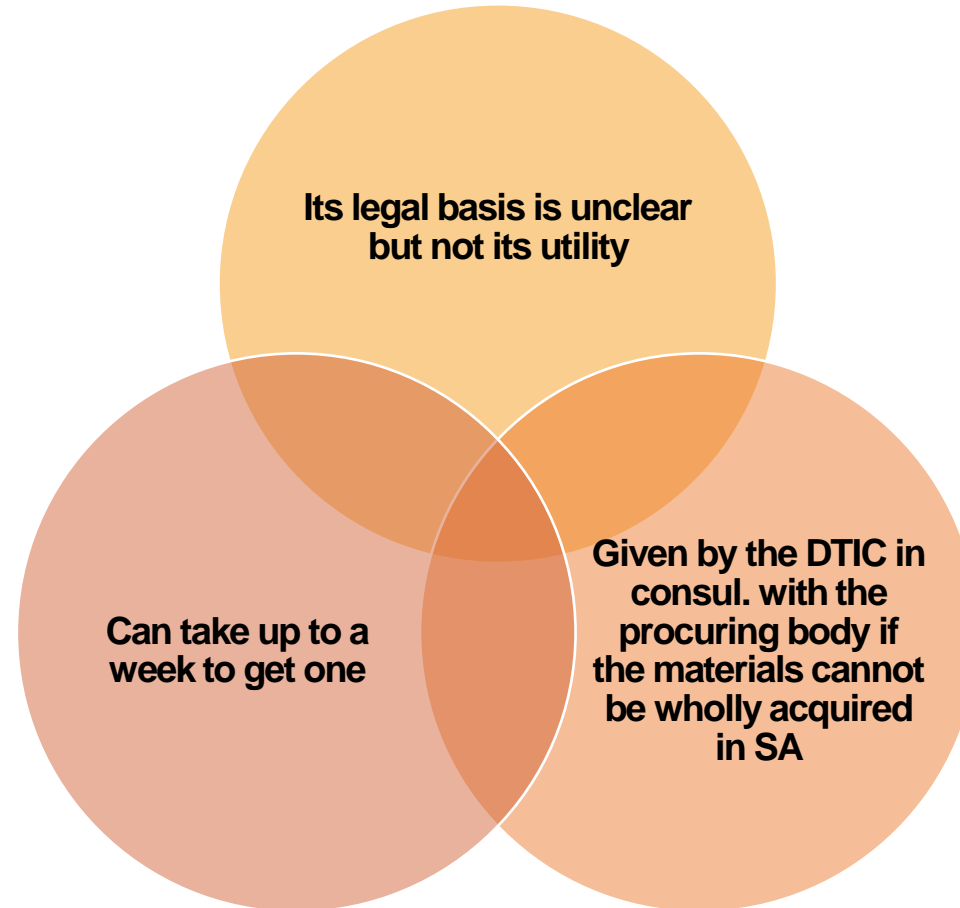
Stage 2: price and BEE scores



It can be done by DTIC in consultation with Treasury or self designation by organs of state

Stage 1: local production and content

The 'exemption' mechanism



Which remedy is available to aggrieved parties?

Section 14 of the PPR

- Disqualify or cancel the contract or part of it
- Damages
- Restricted from doing business for up to 10 years
- Maintain and publish a list of restricted suppliers

Where are we with designation?



What does government think of it's own policy?

IPAP 2018/19-2020/21: “However, there are no stringent legal and administrative measures to deal with non-compliance. Government is currently too uncoordinated, fragmented and institutionally weak to carry out the function of adequately monitoring compliance on localisation”.

What has changed?

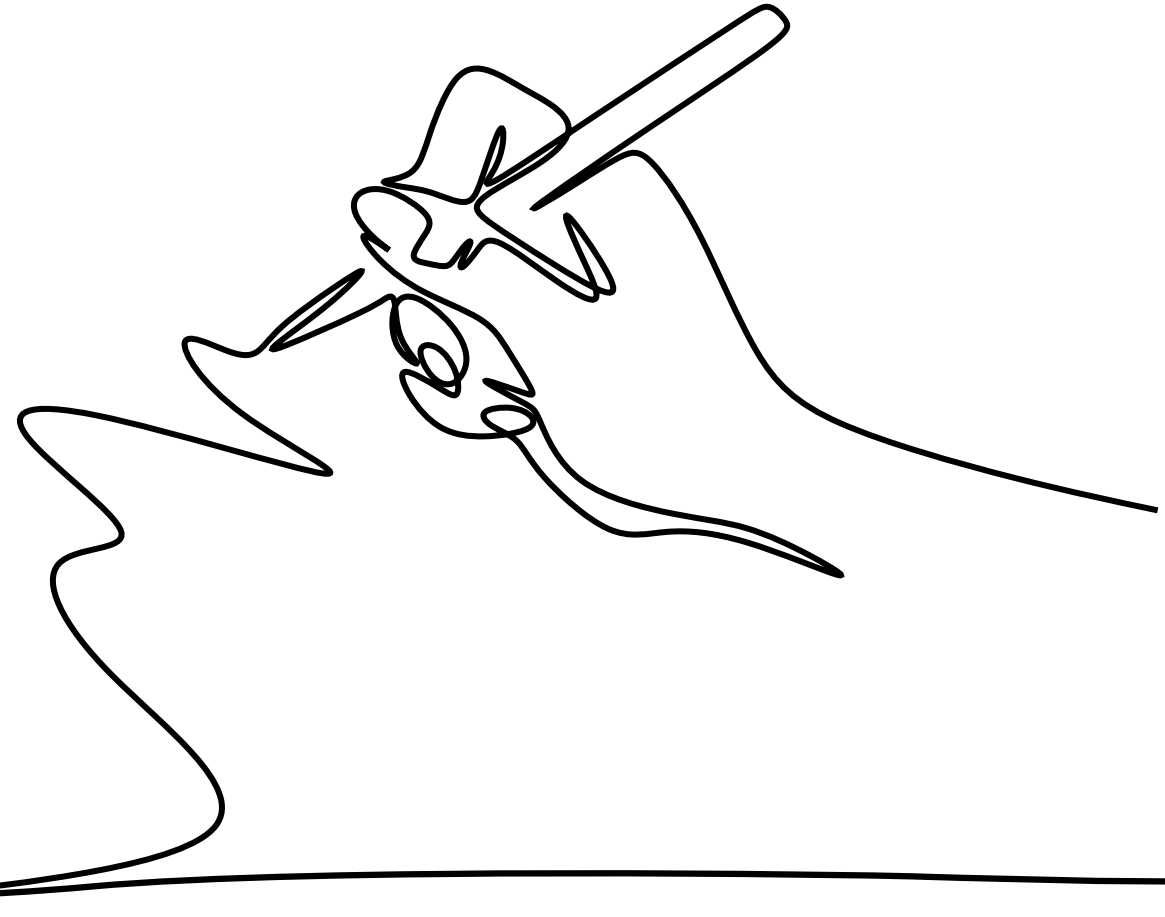
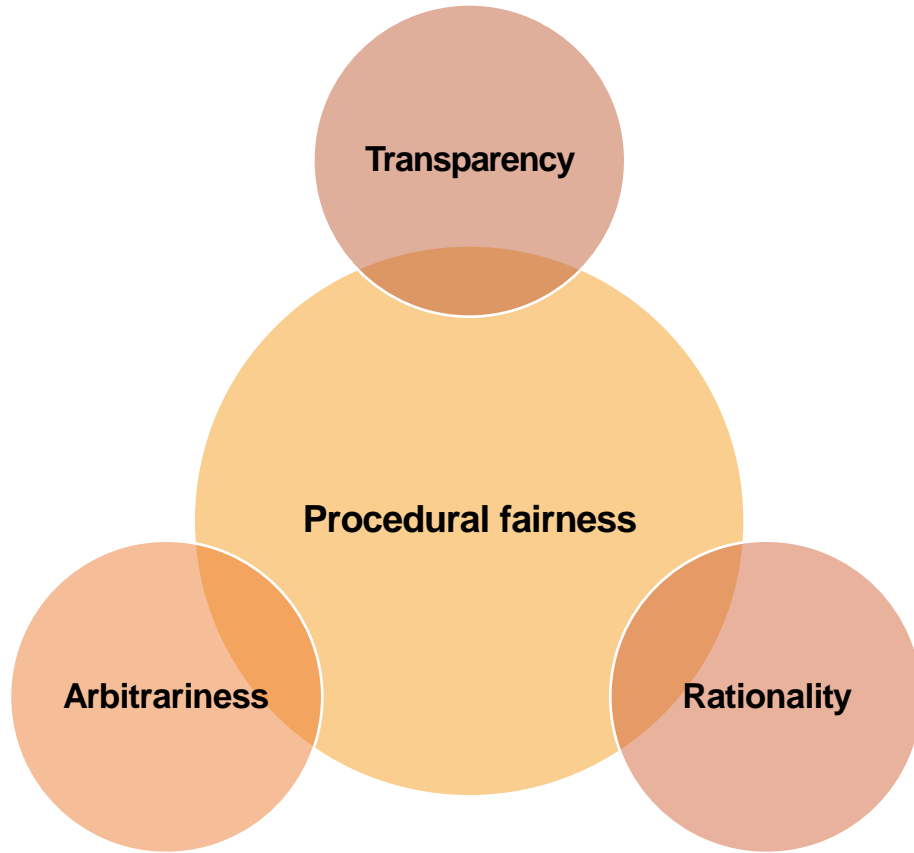
2022 Draft Preferential Procurement Regulations - *Minister of Finance v Afribusines NPC* [2022] ZACC 4

SANS 1286: 2017 - The verification bodies now incl. auditors and industry specialists

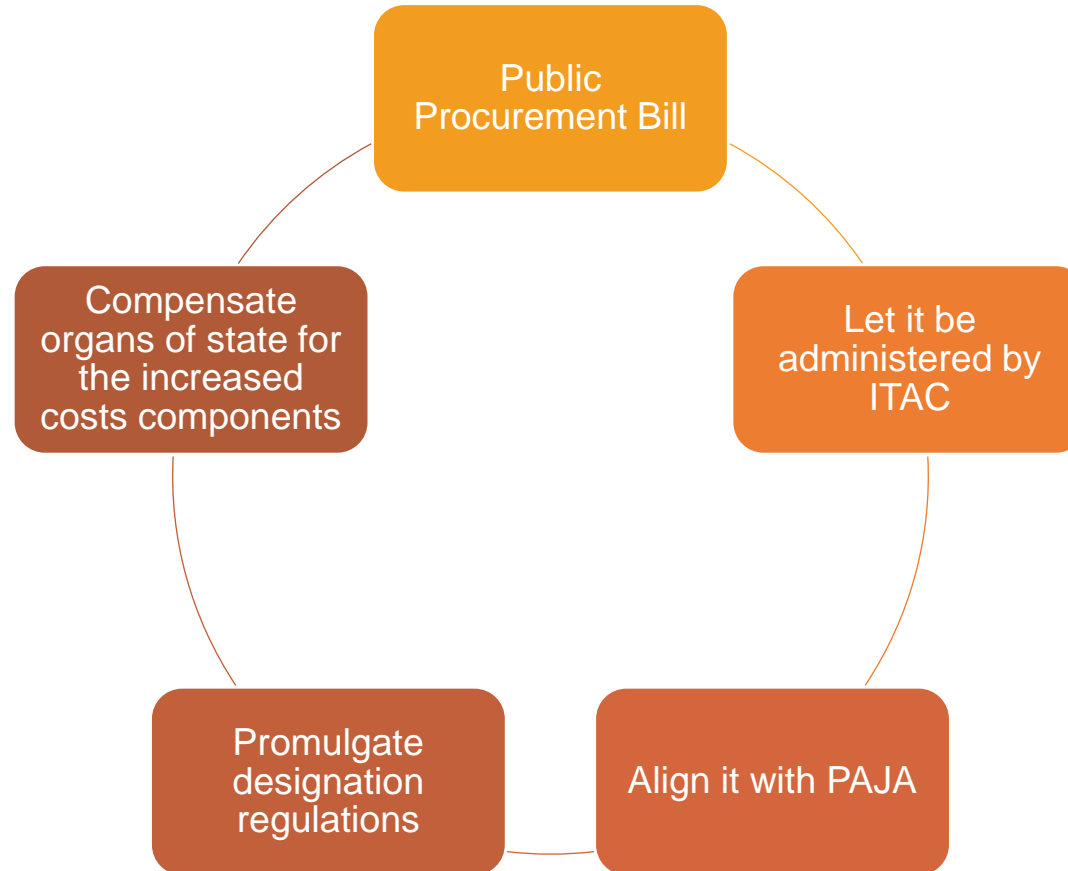
DTIC - allocation of R22 Million towards verification (still not enough)

DTIC – verified 74% of value of tenders but 10% in number

Current problems with designation



How do we fix it going forward?



Designation!

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Information



Participation

Be involved

Thank you!

