



## REQUEST FOR QUOTATION

**You are hereby invited to submit quotation for the requirements of the Financial and Fiscal Commission**

<b>RFQ Number:</b>	RFQ: 210903	<b>RFQ validity period:</b>	30 days from closing date
<b>Date Issued:</b>	27 September 2021	<b>Submission (Email only):</b>	<a href="mailto:procurement@ffc.co.za">procurement@ffc.co.za</a>
<b>Closing date:</b>	07 October 2021	<b>Enquiries only:</b>	Ms Buhle Ngidi <a href="mailto:buhle.ngidi@ffc.co.za">buhle.ngidi@ffc.co.za</a> Chen Tseng <a href="mailto:chen.tseng@ffc.co.za">chen.tseng@ffc.co.za</a>
<b>Closing time:</b>	14h00		
<b>Non-compulsory Briefing Session:</b>	01 October 2021 13h30pm		
<b>Non-compulsory Briefing session LINK:</b>	<a href="https://teams.microsoft.com/l/meetup-join/19%3ameeting_Nzk1NjQ0ZWEtZWJmOS00NTMxLTg3NGQtZjlyMTQ1MDEzMjM1%40thread.v2/0?context=%7b%22Tid%22%3a%22820cc858-201b-4e9d-96dc-5e7e1f819f70%22%2c%22Oid%22%3a%226e777450-26b5-49fd-b383-9bb83dd4f659%22%7d">https://teams.microsoft.com/l/meetup-join/19%3ameeting_Nzk1NjQ0ZWEtZWJmOS00NTMxLTg3NGQtZjlyMTQ1MDEzMjM1%40thread.v2/0?context=%7b%22Tid%22%3a%22820cc858-201b-4e9d-96dc-5e7e1f819f70%22%2c%22Oid%22%3a%226e777450-26b5-49fd-b383-9bb83dd4f659%22%7d</a>		
<b>Services Required:</b>	See Terms of Reference		
<b>Delivery address for goods and/or services:</b>	2 <sup>nd</sup> Floor, Montrose Place, Waterfall Park, Bekker Street, Vorna Valley, Midrand.		

**RESEARCH PROJECTS FOR SUBMISSIONS AND RECOMMENDATIONS TO THE PARLIAMENT FOR THE DIVISION OF REVENUE, TO UNDERTAKE RESEARCH ON THE RESEARCH TOPICS (pages 16-44).**

### 1 PURPOSE

The Financial and Fiscal Commission (FFC) intends to appoint a professional service provider in preparation for submissions and recommendations to the Parliament for the Division of Revenue, the Commission wishes to appoint a service provider to undertake research on the research topics attached, approved by the Commission.

These Terms of Reference invite potential Service Providers that possess the necessary experience and capabilities to submit a proposal. Request for quotation documents can be downloaded from the FFC's website: [www@ffc.co.za/](http://www@ffc.co.za/) **Bid Number: RFQ210903**



## 2 FUNCTIONS OF THE FFC

The FFC is an independent constitutional institution established in terms of section 220 of the Constitution of the Republic South Arica, 1996, read with the Financial and Fiscal Commission Act, 1997(as amended) (FFC Act). The mandate of the FFC is to make recommendations to Organs of State on financial and fiscal matters in accordance with the Constitution and the FFC Act. The Commission's primary role is to ensure the creation and maintenance of an effective, equitable and sustainable financial, fiscal and system of Intergovernmental fiscal relations in South Africa.

## 3 SCOPE OF WORK

The service provider will be responsible to deliver on the following research outputs, adhering strictly to the submission templates which will be provided by the Commission Research Division:

- **Mid-October: A research proposal of approximately 10-15 pages**, detailing the background to the research problem statement, 3-4 research questions with objectives, literature review, data, and methodology. Referenced.
- **Mid-January: A technical, research paper/report of approximately 50-60 pages** with empirical analysis (i.e., graphs and tables) using quantitative or qualitative, descriptive and/or econometric methodologies. Referenced.
- **Mid-April: An annual submission chapter of approximately 25-30 pages**, uplifting key research findings and results with the relevant, proposed **recommendations** using the technical, research paper/report as the evidence base. Referenced.
- **Mid-April: A policy brief of approximately 5-7 pages**, succinctly provides cogent research results and recommendations. Referenced.

## 4 DURATION

12 months from the date of appointment.

## 5 EXPECTED DOCUMENTS TO ASSESS ELIGIBILITY AND FUNCTIONALITY

The following documents are required in order to assess eligibility and functionality of the service provider:

- A. Principal Researcher's résumé/CV (attach relevant qualifications), detailing his/her skills, qualifications, and experience, as well as any published research work done that are relevant to the subject matter of research in question, referenced.
- B. Résumés/CVs of the Adjutant Researchers (two maximum) who will be assisting the Principal Researcher, stating their skills, qualifications, and experience, as well as any research work done relevant to the topic in question.



- C. A research data and methodology brief (4 page maximum) elaborating on the envisaged research approach responding to the topic of research i.e. how the service provider will conduct the research and the data that shall be used.
- D. An all-inclusive proposed research budget, decomposed in terms of the deliverables specified under 3. Scope of Work (share of the total budget):
  - Research proposal (10%)
  - Technical, research paper/report (30%)
  - Annual submission chapter with recommendations (40%)
  - Policy brief (20%)

## 6 RESEARCH TOPICS

**NB:** A bidder may select a maximum of 2 topics to bid on. Where 2 topics are selected, the bidder must ensure that they are led by separate research team with its own methodology submission for evaluation purposes.

*Failure to adhere to the above limit may render the bid non-responsive to the FFC.*

Topics	Pages	Please indicate selection by Ticking relevant topic
1. How should we measure the rich? The construction of an affluence line for South Africa.	16-20	
2. Assessing Debt Sustainability in South Africa	21-27	
3. Investigating wage trends in South Africa- An assessment of the public sector wage bill.	28-31	
4. Implications of Budget Cuts for Socio-Economic Rights: The Case of Basic Education.	32-35	
5. Youth Unemployment and IGFR: The Case of South Africa	36-40	
6. Impact of Corruption on Public Spending Outcomes	41-44	



## **7 PRICING SCHEDULE**

- 7.2.1 A detailed itemized budget quoted in South African currency (ZAR).
- 7.2.2 The financial proposal for the work to be carried out must be inclusive of VAT.
- 7.2.3 The quotation must be valid for a minimum of thirty (30) days.

## **8 EVALUATION**

### **8.1 CRITERION 1 – ELIGIBILITY (COMPULSORY REQUIREMENT)**

- i) The Principal Researcher must at least have a Master's Degree.
- ii) The Principal Researcher must at least have done two research projects relevant to the topic of research required.
- iii) Not more than 2 topics have been selected in section 6.

### **8.2 CRITERION 2 – PREFERRED FUNCTIONALITY**

- iv) State the criteria that will specify whether the service provider has the sufficient capacity or capability.



### 8.3. Preferred Functionality matrix: Criterion 2 – expand on how the functionality will be assessed

CRITERIA	SUB-CRITERIA/CLAUSE	SCORE	WEIGHTING	EVIDENCE
Principal Researcher's highest qualification in the relevant fields of specialisation	PhD in Economics	10	<b>30%</b>	Principal Researcher's résumé/CV (5A)
	Masters in economics or PhD in Social Sciences	8		
	Masters in social sciences or legal qualification	6		
	Masters in Business or Public Administration	4		
	A Master's degree (any)	2		
Principal Researcher's experience relevant to the topic of research	More than 3 published papers relevant to the topic of research, referenced	10	<b>20%</b>	Principal Researcher's résumé/CV (5A)
	3 published papers relevant to the topic of research, referenced	8		
	In addition to the 2 published papers relevant to the topic of research, 3 more published papers in any other field, referenced	6		
	In addition to the 2 published papers relevant to the topic of research, 2 more published papers in any other field, referenced	4		
	In addition to the 2 published papers relevant to the topic of research, 1 more published paper in any other field, referenced	2		
Adjutant Researchers' highest qualification in the relevant fields of specialisation	PhD in Economics	10	<b>10%</b>	Résumés/CVs of the Adjutant
	Master's in economics or PhD in Social Sciences	8		



	Honours in Economics or Master's in social sciences or legal	6		Researchers (5B)
	Degree in Economics or Social Sciences or Legal qualification	4		
	Diploma (any)	2		
Adjutant Researchers' experience relevant to the subject matter of research	More than 3 projects relevant to the subject matter of research	10	10%	Résumés/CVs of the Adjutant Researchers (5B)
	2 projects relevant to the subject matter of research	8		
	1 project relevant to the subject matter of research and others	6		
	1 project relevant to the subject matter of research	4		
	1 project not relevant to the subject matter of research	2		
Research data and methodology	Research data and methodology in terms of approach innovatively responds to the research questions of the study	10	30%	Research Data and Methodology Brief (5C)
	Research data and methodology covers fully the research questions of the study, and appropriate in terms of the approach	8		
	Research data and methodology covers fully the research questions of the study, however inappropriate in terms of the approach	6		
	Research methodology partially covers the research questions of the study but without data	4		
	Research methodology not covering the research questions of the study and without data	2		
<b>TOTAL</b>		<b>10</b>	<b>100%</b>	
<b>Note: A supplier who obtains a total score of less than 65% shall be excluded from consideration</b>				



**PLEASE NOTE THAT DUE TO STRICT COVID-19 REGULATIONS WILL ONLY ACCEPT EMAILED PROPOSALS**

## **9 EMAIL SUBMISSION**

The naming convention of the submission (subject) of the bid shall be as follows to ensure easy retrieval of the bid submissions:

**RFQ210903 RESEARCH PROJECTS 2021– Bidder name**

**E.G. RFQ210903 – RESEARCH PROJECTS 2021– FFC (PTY) LTD**

The naming conversion is critical as it allows for easy retrieval of submission by the FFC.

## **10 TIMEFRAMES**

**Closing Date: 07 October 2021**

**Closing Time: 14h00**

**Non-compulsory Briefing Session date: 01 October 2021**

**Time: 13h30pm**

**Non-compulsory briefing session link :[https://teams.microsoft.com/join/19%3ameeting\\_Nzk1NjQ0ZWEtZWJmOS00NTMxLTg3NGQtZjlyMTQ1MDEzMjM1%40thread.v2/0?context=%7b%22Tid%22%3a%22820cc858-201b-4e9d-96dc-5e7e1f819f70%22%2c%22Oid%22%3a%226e777450-26b5-49fd-b383-9bb83dd4f659%22%7d](https://teams.microsoft.com/join/19%3ameeting_Nzk1NjQ0ZWEtZWJmOS00NTMxLTg3NGQtZjlyMTQ1MDEzMjM1%40thread.v2/0?context=%7b%22Tid%22%3a%22820cc858-201b-4e9d-96dc-5e7e1f819f70%22%2c%22Oid%22%3a%226e777450-26b5-49fd-b383-9bb83dd4f659%22%7d)**

## **COMPULSORY RETURNABLE DOCUMENTS:**

### **STANDARD BIDDING DOCUMENTS AND OTHER ELGIBILITY CRITERIA:**

- SBD 1 – Suppliers details
- SBD 4 – Declaration of Interest
- SBD 6.1 – Preference points claim form in terms of the preferential procurement regulations 2017.
- SBD 8 – Declaration of bidders past Supply Chain Management Practices
- SBD 9 – Certificate of independent bid determination
- Annexure 1 – POPIA Compliance



<b>Documents to be submitted</b>	<b>Y/N</b>
Certified Copy B-BBEE Certificate/ Sworn Affidavit	
Copies of any Shareholders agreement (If any)	
Valid Tax Clearance Certificate. Bids where consortium /joint-ventures/sub-contractors / partners are involved, each party must submit a separate proof of Tax Clearance Certificate / unique PIN.	
ID copies of Shareholder/Directors	
Proof of Company Registration	
Signed and Completed Standard Bid Documents (SBD) Forms	
Annexure 1 POPIA Compliance	
Briefing session certificate (If applicable)	

#### **TERMS AND CONDITIONS OF REQUEST FOR QUOTATION (RFQ)**

The FFC's standard conditions of purchase shall apply.

Late and incomplete submissions will not be accepted.

Bidders are required to be tax compliant for all price quotations exceeding the value of R30 000 (VAT included). It is the responsibility of the bidder to ensure that the FFC is in possession of the bidder's Central Suppliers Database Supplier number. Validation of tax status will be confirmed through the CSD.

The bidder is required to submit a valid certified B-BBEE certificate or an affidavit.

No services may be rendered, or goods delivered before an official FFC Purchase Order has been issued and received.

The successful bidder will be expected to sign a service level agreement (SLA) soon after the Purchase Order is issued and received (where applicable).

This RFQ will be evaluated in terms of the 80/20 system as prescribed by the Preferential Procurement Regulations, 2017.

Nothing in the RFQ or in the actions of FFC officials or employees must be construed as creating any expectation, legitimate or otherwise, regarding matters dealt with in the RFQ or any other matters not raised in the RFQ.

#### **BIDDER DETAILS:**

<b>Bidder/Company name</b>	
<b>CSD Supplier Number:</b>	
<b>Contact person:</b>	
<b>Contact number:</b>	







**Topic 1 – Pricing schedule:**

<b>How should we measure the rich? The construction of an affluence line for South Africa.</b>	<b>16-20 pages</b>	
<b>Description</b>	<b>Share of Subtotal</b>	<b>Cost (Rands)</b>
Inception report	10%	
Technical, research paper/report	30%	
Annual submission chapter with recommendations	40%	
Policy brief	20%	
Subtotal	100%	
	VAT at 15%	
	<b>Total</b>	

**Pricing schedule note:**

The cost is inclusive of disbursements for all phases.

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Signature

.....  
Date

.....  
Capacity



## Topic 2 – Pricing schedule:

<b>Assessing Debt Sustainability in South Africa</b>	<b>21-27 pages</b>	
<b>Description</b>	<b>Share of Subtotal</b>	<b>Cost (Rands)</b>
Inception report	10%	
Technical, research paper/report	30%	
Annual submission chapter with recommendations	40%	
Policy brief	20%	
Subtotal	100%	
	VAT at 15%	
	<b>Total</b>	

### Pricing schedule note:

The cost is inclusive of disbursements for all phases.

.....  
Signature

.....  
Date

.....  
Capacity



### Topic 3 – Pricing schedule:

<b>Investigating wage trends in South Africa- An assessment of the public sector wage bill.</b>	<b>28-31 pages</b>	
<b>Description</b>	<b>Share of Subtotal</b>	<b>Cost (Rands)</b>
Inception report	10%	
Technical, research paper/report	30%	
Annual submission chapter with recommendations	40%	
Policy brief	20%	
Subtotal	100%	
	VAT at 15%	
	<b>Total</b>	

**Pricing schedule note:**

The cost is inclusive of disbursements for all phases.

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Signature

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Date

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Capacity







### Topic 6 – Pricing schedule:

<b>Impact of Corruption on Public Spending Outcomes</b>	<b>41-44 pages</b>	
<b>Description</b>	<b>Share of Subtotal</b>	<b>Cost (Rands)</b>
Inception report	10%	
Technical, research paper/report	30%	
Annual submission chapter with recommendations	40%	
Policy brief	20%	
Subtotal	100%	
	VAT at 15%	
	<b>Total</b>	

**Pricing schedule note:**

The cost is inclusive of disbursements for all phases.

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Signature

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Date

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Capacity



## **Research Topic 1:** The construction of an affluence line for South Africa.

### Working Title

How should we measure the rich? The construction of an affluence line for South Africa.

### Background

This research takes place in the context of unacceptably high levels of poverty and inequality in South Africa. Persistently high levels of inequality can be detrimental towards economic development, as it undermines inclusive growth and unravels the social cohesion of society (Concialdi, 2018). Indeed, there is empirical support for the view that high levels of inequality correlate with a range of social issues (Stats SA, 2019). From an economic point of view, high inequality means that large segments of society are effectively excluded from economic opportunities and participating in the economy, which constrains aggregate performance of the economy (Stiglitz, 2012). Fostering inclusive growth through reducing inequality is one potential solution to combat South Africa's low productivity levels (Stats SA, 2019).

The Gini coefficient for household income in South Africa is well above 0.6 (Stats SA, 2019), amongst the highest in the world. Wealth inequality is even higher, with a Gini coefficient estimated at 0.94 (Orthofer, 2016). It has been shown that the top decile owns approximately 57% of total income, and about 95% of all wealth in South Africa (Orthofer, 2016). Financial assets are an important source of wealth for households in South Africa. Almost 50% of the income of the top 1% of the population comes from financial assets, derived from shares, profit and capital gains (Stats SA, 2019). Orthofer (2016) finds that the net capital share of output in South Africa is at 40%, much higher than in advanced economies. This means that approximately 40% of all income accrues to owners of capital, which is a much smaller group of recipients than recipients of labour income. These results suggest that wealth inequality plays a significant role in determining the overall structure of inequality in South Africa.





Despite the usefulness of Gini coefficients as a measure of overall inequality, they tend to obscure more nuanced features of inequality within a given nation. It must be noted that in South Africa there are huge disparities that exist even *within* classes along various dimensions. For example, there are stratifications along the lines of race, gender and household assets, as well as social dimensions such as access to education and health care, all of which are not captured in measuring overall income or wealth inequality (Stats SA, 2019). A related feature that is unique in the case of South Africa is the problem of the “missing middle” (Bhorat & Khan, Structural Change and Patterns of Inequality in the South African Labour Market, 2018). This feature of the economy necessarily influences our interpretation of any investigation into affluence in South Africa (Bhorat, Lilenstein, Oosthuizen, & Thornton, 2020).

Prior to the Covid-19 pandemic, approximately half of the adult population was living below the “upper-bound” poverty line (Stats SA, 2018). The pandemic resulted in massive job losses, particularly for precarious workers, which is likely to have driven income inequality, given that labour-market income is the largest contributor to income inequality (Stats SA, 2020).<sup>1</sup> The Covid-19 pandemic has created many challenges for South Africa. Not only has poverty and inequality worsened, but it has exposed and exacerbated many of the country’s fiscal vulnerabilities, such as rising public debt obligations and the shrinking tax base.

Many studies have attempted to measure the levels of income at which a person may be considered as rich or affluent. However, most approaches tend to use a positional methodology (top 1% etc). Few studies, and none in South Africa, have attempted to use a redistributive approach, with the underlying rationale being the elimination of poverty, in order to measure the rich. In the same manner that poverty lines identify a threshold that assist in the development of policies aimed at reducing poverty, enhancing our understanding of what it means to be rich by constructing an affluence line can assist public

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<sup>11</sup> See also (Stats SA, 2015). The official unemployment rate currently stands at 32.6%, with youth unemployment (individuals aged 15-24 years) stubbornly high at 46.5% (Stats SA, 2021).



policy in being more targeted. This study aims to contribute to our understanding of which approach is appropriate in the South African context.

### Problem Statement

It is unclear which approach to measuring the rich is appropriate in the South African context, and there has been no attempt yet to assess the usefulness of a redistributive approach.

### Key Research Questions

1. How can "affluence" be defined conceptually? What limitations to "affluence" are imposed in this study?
2. What is the distribution and composition of income in South Africa?
3. At what level of income is the poverty line, poverty gap and affluence line estimated?
4. Is the redistributive approach appropriate in the South African context? How does it compare to other relative approaches, namely, the multiplicative and positional?

### Bibliography

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## **Research Topic 2: Assessing Debt Sustainability in South Africa**

### **Working Title**

Assessing Debt Sustainability in South Africa

### **Background**

There are many definitions surrounding debt sustainability. One such definition is that debt sustainability seeks to measure the point at which debt becomes so large it cannot be serviced (Wyplosz, 2005). Sustainability is associated with solvency, namely a country's ability to service debt in the long run (Naraidoo & Raputsoane, 2015). Public sector solvency is also linked to the equilibrium relationship between the future primary balance and total debt stock (Mustapha & Prizzon, 2015). Liquidity, defined as the government's ability to roll over its debt obligations, is another factor to be accounted for in assessing sustainability. Additionally, social and political limitations to adjustments in revenue and expenditure may affect a country's willingness to pay (Mustapha & Prizzon, 2015).

In terms of the budget constraint, if the primary balance cannot sustain the higher interest payments needed to service debt, then debt levels risk becoming explosive. At this point, governments will either undertake extraordinary fiscal adjustment or default (Debrun, Ostry, Willems, & Wyplosz, 2019). This implies that there is a level of debt beyond which debt dynamics are uncontrollable and may result in debt distress (Wyplosz, 2005). Sustainability can also be determined via a variety of economic indicators. For example, the public sector can be defined as solvent if debt does not increase faster than the real interest rate on debt (Roubini, 2001). Similarly, assessments of the real interest rate in comparison to the economic growth rate are other indicators of sustainability. Additionally, examining the conditional relationship between the primary balance and debt is another measure of public debt sustainability (Debrun, Ostry, Willems, & Wyplosz, 2019).

Assessing debt sustainability is necessary to avoid negative, unintended consequences. Public debt is an important predictor of a financial crisis, indicating that governments should be wary of high debt levels, regardless of the interest-growth differential (Moreno



Badia, Medas, Gupta, & Xiang, 2020). Additionally, worsening debt can lead to higher borrowing costs and decreased confidence of investors. This does not imply, however, that reducing debt is always the right policy option, as some countries are able to sustain much higher debt levels than others. Nevertheless, unsustainable levels of debt would require policy changes, such as fiscal consolidation, inflation, or default (Caselli, Giovannini, & Lane, 1998). It should be noted, however, that debt sustainability assessments are subject to uncertainty, as they are often reliant on forecasts and fiscal policy assumptions (Celasun, Debrun, & Ostry, 2006; Wyplosz, 2005).

In South Africa, debt dynamics, alongside the fiscal balance, have deteriorated in the last decade. This is exacerbated by the Covid-19 pandemic, which has led to sharp rises in debt globally. In South Africa, the effects of high debt are already felt in large debt service costs, totalling R269.7 billion (National Treasury, 2021). Although South Africa's history of debt has generally been considered sustainable, the rapid change in debt dynamics necessitates an updated investigation into debt sustainability.

## **Problem Statement**

As debt has been rising rapidly in South Africa, its sustainability, as well as its impact on growth, is in question.

## **Key Research Questions**

1. What constitutes a sustainable debt path?
2. What are the future projections for the debt-to-GDP ratio?
3. Is debt following a sustainable path?
4. Is there a nonlinear, and possibly adverse, impact of debt on economic growth?

## **References**

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**Research Topic 3:** Investigating wage trends in South Africa- An assessment of the public sector wage bill.

### **Research Topic**

Investigating wage trends in South Africa- An assessment of the public sector wage bill.

#### **Background**

Wage formation is vital for the prosperity of the broader economy from both efficiency and equity perspectives (Altman, 2005). It is highly complex and stems from the strategic manoeuvre between workers and employers, who are always competing for the best position. It has been noted that labourers have weaker bargaining power due to weak institutional structures, increased capital intensity, financialization and globalisation (Burger, 2015). In addition, wage formation is an essential indicator of the economy's overall micro and macro scope (Wörgötter & Nomdebevana, 2018). On the micro-level, it determines the respective leisure and labour hours of workers and dictates the purchasing power of employees, which essentially stimulates the overall country's productivity. On a macro level, remuneration formation indicates inflation and unemployment (Wörgötter & Nomdebevana, 2018). Wages could be used as a tool for worker retention, improved employee productivity and living standards, and contributes to government revenue (Hartman, 2017).

Furthermore, remuneration formation - particularly in the private sector - stems from the structural diversity of the economy (Wörgötter & Nomdebevana, 2018). It varies based on if the economic activity is exposed to international competition or not. Producers that are exposed to global suppliers face more significant fluctuations in marginal cost. Therefore, maintaining costs and price competitiveness necessitates immediate constraints on wage-cost dynamics (Wörgötter & Nomdebevana, 2018). International market fluctuations essentially guide the movement of wage costs. In contrast, the strength of competition of firms serving the domestic economy is dependent on the technological characteristics, market size, and regulation within the market it operates (Wörgötter & Nomdebevana, 2018).



In the public sector, wage formation is dependent on the size of the wage bill. Therefore, the economic climate, growth of the overall countries' productivity, and policy makers' discretion determine the wage bill structure. There has been a growing gap in remuneration between the public and private sectors (SARB, 2019). This gap has contributed to the stark income inequality caused by educational attainment, access to opportunity and unionisation. According to Van der Berg et al. (2011), the unequal income distribution is significant and persistent.

The structure of the wage bill has come under significant criticism as it has grown at a rate that exceeds the GDP growth rate and the tax collections (SARB, 2019). According to the IMF (2020), the COVID-19 pandemic has deteriorated economic growth, increased its fiscal vulnerability, and has encouraged the government to prioritise the response to the pandemic. The Treasuries focus is to prevent insolvency and reduce the large fiscal deficit and debt levels. Therefore, to relieve the fiscal burden of a ballooning wage bill, the National Treasury has halted the wage bill agreement with unions and not increase wages.

The National Treasury confirmed that one of the governments medium-term policy priorities are to reduce the wage bill. Unions have fought against this decision stating that debt sustainability and the deteriorating fiscus should not be outsourced to workers (Kruyer, 2021). This matter is currently being disputed in the Constitutional court. Suppose the Treasury can prove that the government cannot cover the cost of salary increases and that the fiscus required for the agreement cannot be met. In that case, the collective agreement that was entered into between government and union is considered unlawful and invalid (Kruyer, 2021). Hence, mapping out the wage bill's size will clarify its fiscal strain to economic recovery.

Furthermore, with regards to the wage bill shape, there has been a bias towards reducing the wages of teachers and healthcare workers. Less attention has been given to the high-income earners who take up the bulk of the wage bill, i.e., Ministers and Directors. According to the Department of Health (2021), there are 85 posts in the health department with salary levels 17-22 totalling R229 million in 2020/21. The dynamic reveals an



asymmetric wage bill structure and a need to investigate the overall return to the broader economy.

This paper considers wage trends in the formal sector of South Africa (SA).

### Problem Statement

Understanding a sustainable and justifiable public sector wage bill.

### Key Research Questions

1. To what extent is the size of the wage bill impacting the overall fiscal framework?
2. What is the composition (i.e., shape) of the wage bill, and how has it shifted over time?
3. How does the wage trend compare internationally?
4. To what extent has the changes in the public sector wage bill corroborates and complements labour productivity?
5. What are the key determinants of wages in the public and private sectors?

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**Research Topic 4:** Implications of Budget Cuts for Socio-Economic Rights: The Case of Basic Education.

### **Working Title**

Implications of Budget Cuts for Socio-Economic Rights: The Case of Basic Education.

### **Background**

The South African Constitution guarantees access to a variety of political, civil and socio-economic rights. In particular, Section 29 (1a) of the Constitution entitles all to the right to a basic education, including adult basic education (RSA, 1996). Unlike other socio-economic rights, the right to basic education is not subject to limitations such as ‘progressive realisation’ or ‘within available resources’, so in theory this is a right that should be immediately realised.

The prioritisation of social rights, particularly education is emphasised in numerous strategic plans and goals of government – these include for example the National Development Plan (NDP) and the Medium Term Strategic Framework (MTSF), to mention but a few. The Constitution, in Section 214(2)(a-j), also requires government to take into consideration specific factors when crafting the budget – these include aspects such as the need to ensure that provinces and municipalities are able to deliver basic services and perform the functions allocated to them as well as the developmental and other needs of provinces and local government.

An assessment of budget figures confirms the relative priority attached to resourcing sectors like education, health, social development. According to the 2021 Budget Review, the learning and culture functional group (which consists of basic education, higher education and training and allocations to arts, sports and culture), is allocated 20 per cent of total consolidated spending. Basic education receives 13 per cent of consolidated spending (National Treasury, 2021).





At a practical, operational or implementation level, norms and standards have been developed to guide specific aspects of the provision of basic education in South Africa. For example, the Norms and Standards for School Funding are geared at guiding minimum levels of funding to learners based on the quintile within which they fall. Norms and standards have also been established to guide the type of basic infrastructure that learners and the schools they attend, must be able to enjoy.

### **Problem Statement**

The above referred to the priority that the right to basic education is afforded in terms of policy, strategic goals, long term planning and resource allocation within South Africa. Unfortunately, the outputs and outcomes related to basic education leave much to be desired. With the onset of the pandemic and Government's response to it, one of the key concerns raised by FFC has been how the proposed allocations will affect the poor especially if we consider for example real cuts to social grants that the Minister of Finance detailed when tabling the 2021 Budget.

A year into the pandemic and associated lockdown, and already we see some of the latest education-related data and information from the NIDS CRAM survey showing that learner dropout rates are the highest that they've been in 20 years. And we see the poor being disproportionately more affected given that those dropout rates are highest for those from poor and more rural households. Child hunger is also on the rise. Some of these statistics are exacerbated by the performance of the basic education sector. For example, during 2020, the Department of Basic Education was ordered by the courts to continue rolling out the National School Nutrition Programme (NSNP) despite school closures. However, despite the court order, the Department has still not complied and this, has/will in all probability, further worsen figures on child hunger. In particular, at the time of commenting on the Supplementary Adjustment Budget in 2021, the FFC raised concern around the constant reprioritisation affecting sectors like basic education, human settlements and others. For example, in the education sector we've seen consistent cuts to the education infrastructure grant. Thus, the focus of this paper is to understand whether, in light of



government's approach to funding and spending on basic education, we are seeing progressive realisation or retrogression of the right to basic education in South Africa.

### Key Research Questions

- How have budgetary constraints affected allocations, composition of spending and outputs related to basic education?
  - How has funding for basic education evolved over time?
  - How have key education outputs changed over time?
- What do the above trends imply in terms of progress or retrogression insofar as the Constitutional right to basic education is concerned?

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## **Research Topic 5: Youth Unemployment and IGFR: The Case of South Africa**

### **Working Title**

Youth Unemployment and IGFR: The Case of South Africa

### **Background**

South Africa's estimated population stands at 59,6 million, and 64% is between 0 – 34 years. The youth in SA is generally defined as the population between 14 and 35 years and the youth (aged 15–34 years) population stands at 35,1% of the population (20,6 million). South Africa is currently experiencing its demographic transition, a phenomenon where declining mortality and fertility shift the country's population structure. The demographic shifts have created a youth bulge, reflecting a lower ratio of dependents to working-age adults. Other regions that have experienced this transition have benefited from a subsequent boost in economic growth, known as the demographic dividend, resulting from this lowered dependency ratio.

One of South Africa's biggest challenges is youth unemployment. Youth unemployment stands at 46,3% using the narrow definition (compared to 32,6% national unemployment). The youth account for 59,5% of the total number of unemployed persons (expanded definition). Furthermore, approximately 13% of the youth aged 20–34 are graduates of tertiary institutions. The majority of South Africa's youth often falls within three categories: uneducated, unemployed, and unemployable. The 2021(Q1) Quarter Labour Force Survey (QLFS) indicated that youth (15–34) unemployment stands at 43.3%. Amongst young people aged 15-34 years, those not in education, employment, or training (NEET) are at 43,6%, and the majority were female at 47.1%.

This age group presents both opportunities and risks for South Africa regarding its potential contribution to economic growth and stability. Many youths lack adequate skills and experience to participate meaningfully in the labour market, and many are socially excluded. The Covid-19 has compounded the challenges facing the youth. If properly



harnessed, the youthfulness of the population has the potential to drive South Africa's economic transformation

Investing in education, skills development, and job creation has become critical for the future of South Africa. If properly harnessed, the youthfulness of the working-age population has the potential to drive South Africa's economic transformation. Evidence shows a correlation between skills, education, productivity, and economic growth and prosperity. Providing young people with skills and education boosts their capacities to work and enhances their opportunities at work. The future success of any country depends ultimately on the number of persons in employment and how productive they are at work.

Against this background, the research project contributes to policy debates on youth employment in South Africa. It also contributes to the understanding of different skills and training programs that have been set up through various publicly funded institutions to facilitate entry into the labour market. Generally, it aims to understand the fiscal framework's effectiveness and institutions in addressing the challenges of youth development and unemployment.

## **1. Problem Statement and research questions**

The state has over the years committed significant resources in terms of policies, legislation, and programs to address the unemployment crisis, especially youth unemployment. South Africa has also set up an array of institutions to assist in addressing youth unemployment, e.g., the National Youth Development Agency (NYDA), Sector Education Training Authority (SETA), Youth Employment Service (YES) programme etc., to promote youth development and employment. Even at the provincial level, there are such initiatives.

Besides allocating resources to youth employment initiatives, the government has also come up with policies to alleviate the youth employment challenge, e.g., the Employment Tax Incentive (ETI), which came into effect to reduce the national youth unemployment rate. Despite these initiatives, the youth unemployment rate has increased over the years



(from 35,7% in 2010 to 46,3% in 2020): the youth dividend has remained elusive for South Africa.

Young people engaged in productive employment can potentially fuel economic growth. Investing in youth also offers important spill-overs because youth have a longer working life ahead of them; improving labour prospects early can affect youth's investments in their children and reduce the inter-generational transfer of poverty and inequality (Chakravarty et al., 2017). This raises questions about the effectiveness of these institutions and fiscal framework in addressing youth development and unemployment challenges.

### **Key research questions**

The main aim of this research will be to conduct a comprehensive and systematic investigation on youth unemployment and intergovernmental fiscal relations. Based on our findings, we will make recommendations on a suite of IGFR instruments/incentives to harness the youth dividend and measures to improve the institutional framework in addressing youth unemployment. The research project will be answering the following key research questions: -

1. How effective have publicly funded institutions been in addressing youth unemployment?
2. How effective has the fiscal framework been in addressing challenges of youth unemployment and development or harnessing the youth dividend?

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## **Research Topic 6: Impact of Corruption on Public Spending Outcomes**

### **Working Title**

Impact of Corruption on Public Spending Outcomes

### **Background**

Corruption is a global problem that exists in varying degrees in different countries. For South Africa, various corruption indicators suggest that the challenge is worsening. The Commission of Inquiry currently in place has shown that the challenge of corruption is deep-seated and has had a toll on people's livelihoods and inclusive development. There is no single and precise definition of corruption as it assumes diverse forms (i.e. bribery, embezzlement, graft, patronage) and often involves various participants (Enste & Heldman 2017; Hashem 2014). According to Transparency International (2014), corruption is defined as the abuse of public office for private gains. Corruption diminishes the impact of public spending and alters the quality of public services (Timofeyev, 2011). According to Transparency International (2014), corruption frustrates inclusive development and growth by promoting inefficient allocation of scarce resources. It also affects the equitable distribution of resources, exacerbates income inequalities and undermines the effective targeting of social welfare programmes to the needy as funds are diverted from these programmes by well-connected people for their private gains. Hashem (2014) categorise corruption into three types: (i). corruption without theft- (officials corrupted to do their job quickly instead of not doing it), (ii). corruption that violates legal rules ( administrative corruption) and (iii). state capture corruption aimed at changing rules and regulations to favour the interest of the corruptor. Corruption depends on various factors such as quality of public sector management, nature of accountability, relations between government and its citizens, legal framework and the degree to which public sector processes are transparent.

In South Africa, the National Development Plan (2010), a strategic document for the country, identifies corruption as one of the main challenges. The NDP believes that to



realise sustainable, inclusive growth and a capable and developmental state, fighting corruption and enhancing accountability should be core. In support of these arguments, the Auditor General and other institutions tasked with exercising oversight and accountability on public funds have repeatedly reported systemic corruption in the public sector. They have noted that corruption occurs in different shapes, including transgression of regulations, over-pricing, mis-invoicing, awarding tenders to unqualified service providers and incorrect deliveries relative to specifications. Corruption is costly and negates inclusive growth and development.

### **Problem Statement**

According to Transparency International (2020), an international survey of public sector corruption, and out of 180 countries assessed, South Africa's corruption levels have increased. In 1995, South Africa had a corruption perception index of 56, and in 2020, the score declined to 44 (where zero is classified as being most corrupt and 100 is least corrupt). Other studies also indicate the high incidence and worsening of the corruption challenge. Manyaka and Nkuna (2014) observe that the Consumer Goods Council of South Africa loses between R50- R150 billion annually due to fraud and corruption. About R25-R30 billion of the annual government budget is lost to tenders (Corruption Watch, 2016). The Auditor-General, which audits budgets and expenditures of government spheres and their entities, registered R54,34 billion, R2,39 billion as fruitless and wasteful expenditure on the part of National and Provincial departments and their entities in 2019/2020. At the municipal level, non-compliance with supply chain management resulted in irregular expenditure at R26 billion, with cumulative irregular expenditure recorded at R79 billion in the same year.

South Africa has set up several structures and institutions to respond to corruption. However, the performance of these structures and institutions regarding corruption has been mixed. Davis (2014) even suggests that these structures and institutions have not been effective as evidence on the ground indicates the problem is on the increase. Therefore,



there is a need for the government to have adequate measures and agile structures in place to eradicate corruption. While these statistics on corruption are alarming, little attention has been paid to understand the impact of corruption on spending outcomes and the opportunity cost of corruption. Eradicating corruption in the public sector has also been an elusive goal for the government. It is important to examine the implications of corruption on essential spending outcomes such as education, health, social development, etc. The proposed study seeks to understand the impact of corruption on public sector spending outcomes. The study will further examine institutional weaknesses (including budgets) that directly and indirectly facilitate corruption. Finally, the study will provide insights into alternative measures of eradicating public sector corruption.

### **Key Research Questions**

The following research questions underpin the study:

- What are the effects of corruption on public sector spending outcomes?
- What are the institutional weaknesses (including the adequacy of their funding) enabling the proliferation of public sector corruption?
- What steps should be put in place to prevent and eradicate public sector corruption?

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**SBD1**

**PART A  
INVITATION TO BID**

<b>YOU ARE HEREBY INVITED TO BID FOR REQUIREMENTS OF THE (SOUTH AFRICAN NATIONAL BIODIVERSITY INSTITUTE)</b>					
BID NUMBER:	RFQ210903	CLOSING DATE:	07 October 2021	CLOSING TIME:	14h00
DESCRIPTION	<b>RESEARCH PROJECTS FOR SUBMISSIONS AND RECOMMENDATIONS TO THE PARLIAMENT FOR THE DIVISION OF REVENUE, TO UNDERTAKE RESEARCH ON THE RESEARCH TOPICS.</b>				
Submission of proposals: proposals must be emailed to <a href="mailto:procurement@ffc.co.za">procurement@ffc.co.za</a>					
<b>BIDDING PROCEDURE ENQUIRIES MAY BE DIRECTED TO</b>			<b>TECHNICAL ENQUIRIES MAY BE DIRECTED TO:</b>		
CONTACT PERSON	Buhle Ngidi		CONTACT PERSON	Chen Tseng	
TELEPHONE NUMBER			TELEPHONE NUMBER		
FACSIMILE NUMBER	N/A		FACSIMILE NUMBER	N/A	
E-MAIL ADDRESS	<a href="mailto:buhle.ngidi@ffc.co.za">buhle.ngidi@ffc.co.za</a>		E-MAIL ADDRESS	<a href="mailto:chen.tseng@ffc.co.za">chen.tseng@ffc.co.za</a>	
<b>SUPPLIER INFORMATION</b>					
NAME OF BIDDER					
POSTAL ADDRESS					
STREET ADDRESS					
TELEPHONE NUMBER	CODE		NUMBER		
CELLPHONE NUMBER					
FACSIMILE NUMBER	CODE		NUMBER		
E-MAIL ADDRESS					
VAT REGISTRATION NUMBER					
SUPPLIER COMPLIANCE STATUS	TAX COMPLIANCE SYSTEM PIN:		OR	CENTRAL SUPPLIER DATABASE No:	MAAA
B-BBEE STATUS LEVEL VERIFICATION CERTIFICATE	TICK APPLICABLE BOX] <input type="checkbox"/> Yes <input type="checkbox"/> No		B-BBEE STATUS LEVEL SWORN AFFIDAVIT	[TICK APPLICABLE BOX] <input type="checkbox"/> Yes <input type="checkbox"/> No	
<b>[A B-BBEE STATUS LEVEL VERIFICATION CERTIFICATE/ SWORN AFFIDAVIT (FOR EMES &amp; QSEs) MUST BE SUBMITTED IN ORDER TO QUALIFY FOR PREFERENCE POINTS FOR B-BBEE]</b>					
ARE YOU THE ACCREDITED REPRESENTATIVE IN SOUTH AFRICA FOR THE GOODS /SERVICES /WORKS OFFERED?	<input type="checkbox"/> Yes <input type="checkbox"/> No [IF YES ENCLOSE PROOF]		ARE YOU A FOREIGN BASED SUPPLIER FOR THE GOODS /SERVICES /WORKS OFFERED?	<input type="checkbox"/> Yes <input type="checkbox"/> No [IF YES, ANSWER THE QUESTIONNAIRE BELOW ]	
<b>QUESTIONNAIRE TO BIDDING FOREIGN SUPPLIERS</b>					
IS THE ENTITY A RESIDENT OF THE REPUBLIC OF SOUTH AFRICA (RSA)? <input type="checkbox"/> YES <input type="checkbox"/> NO					



DOES THE ENTITY HAVE A BRANCH IN THE RSA?

YES  NO

DOES THE ENTITY HAVE A PERMANENT ESTABLISHMENT IN THE RSA?

YES  NO

DOES THE ENTITY HAVE ANY SOURCE OF INCOME IN THE RSA?

YES  NO

IS THE ENTITY LIABLE IN THE RSA FOR ANY FORM OF TAXATION?

YES  NO

**IF THE ANSWER IS "NO" TO ALL OF THE ABOVE, THEN IT IS NOT A REQUIREMENT TO REGISTER FOR A TAX COMPLIANCE STATUS SYSTEM PIN CODE FROM THE SOUTH AFRICAN REVENUE SERVICE (SARS) AND IF NOT REGISTER AS PER 2.3 BELOW.**



## PART B TERMS AND CONDITIONS FOR BIDDING

<b>BID SUBMISSION:</b>
BIDS MUST BE DELIVERED BY THE STIPULATED TIME TO THE CORRECT ADDRESS. LATE BIDS WILL NOT BE ACCEPTED FOR CONSIDERATION.
<b>ALL BIDS MUST BE SUBMITTED ON THE OFFICIAL FORMS PROVIDED–(NOT TO BE RE-TYPED) OR IN THE MANNER PRESCRIBED IN THE BID DOCUMENT.</b>
THIS BID IS SUBJECT TO THE PREFERENTIAL PROCUREMENT POLICY FRAMEWORK ACT, 2000 AND THE PREFERENTIAL PROCUREMENT REGULATIONS, 2017, THE GENERAL CONDITIONS OF CONTRACT (GCC) AND, IF APPLICABLE, ANY OTHER SPECIAL CONDITIONS OF CONTRACT.
<b>THE SUCCESSFUL BIDDER WILL BE REQUIRED TO FILL IN AND SIGN A WRITTEN CONTRACT FORM (SBD7).</b>
<b>TAX COMPLIANCE REQUIREMENTS</b>
BIDDERS MUST ENSURE COMPLIANCE WITH THEIR TAX OBLIGATIONS.
BIDDERS ARE REQUIRED TO SUBMIT THEIR UNIQUE PERSONAL IDENTIFICATION NUMBER (PIN) ISSUED BY SARS TO ENABLE THE ORGAN OF STATE TO VERIFY THE TAXPAYER'S PROFILE AND TAX STATUS.
APPLICATION FOR TAX COMPLIANCE STATUS (TCS) PIN MAY BE MADE VIA E-FILING THROUGH THE SARS WEBSITE WWW.SARS.GOV.ZA.
BIDDERS MAY ALSO SUBMIT A PRINTED TCS CERTIFICATE TOGETHER WITH THE BID.
IN BIDS WHERE CONSORTIA / JOINT VENTURES / SUB-CONTRACTORS ARE INVOLVED, EACH PARTY MUST SUBMIT A SEPARATE TCS CERTIFICATE / PIN / CSD NUMBER.
WHERE NO TCS PIN IS AVAILABLE BUT THE BIDDER IS REGISTERED ON THE CENTRAL SUPPLIER DATABASE (CSD), A CSD NUMBER MUST BE PROVIDED.
NO BIDS WILL BE CONSIDERED FROM PERSONS IN THE SERVICE OF THE STATE, COMPANIES WITH DIRECTORS WHO ARE PERSONS IN THE SERVICE OF THE STATE, OR CLOSE CORPORATIONS WITH MEMBERS PERSONS IN THE SERVICE OF THE STATE."

**NB: FAILURE TO PROVIDE / OR COMPLY WITH ANY OF THE ABOVE PARTICULARS MAY RENDER THE BID INVALID.**

SIGNATURE OF BIDDER: .....

CAPACITY UNDER WHICH THIS BID IS SIGNED: .....  
(Proof of authority must be submitted e.g. company resolution)

DATE: .....

**NB: FAILURE TO PROVIDE ANY OF THE ABOVE PARTICULARS MAY RENDER THE BID INVALID.**



SBD 4

## DECLARATION OF INTEREST

1. Any legal person, including persons employed by the state<sup>1</sup>, or persons having a kinship with persons employed by the state, including a blood relationship, may make an offer or offers in terms of this invitation to bid (includes a price quotation, advertised competitive bid, limited bid or proposal). In view of possible allegations of favouritism, should the resulting bid, or part thereof, be awarded to persons employed by the state, or to persons connected with or related to them, it is required that the bidder or his/her authorised representative declare his/her position in relation to the evaluating/adjudicating authority where-

- the bidder is employed by the state; and/or
- the legal person on whose behalf the bidding document is signed, has a relationship with persons/a person who are/is involved in the evaluation and or adjudication of the bid(s), or where it is known that such a relationship exists between the person or persons for or on whose behalf the declarant acts and persons who are involved with the evaluation and or adjudication of the bid.

**2. In order to give effect to the above, the following questionnaire must be completed and submitted with the bid.**

2.1 Full Name of bidder or his or her representative:

.....

Identity Number:

.....

Position occupied in the Company (director, trustee, shareholder?):

.....

Company Registration Number:

.....

Tax Reference Number:

.....

VAT Registration Number:

.....

2.6.1 The names of all directors / trustees / shareholders / members, their individual identity numbers, tax reference numbers and, if applicable, employee / persal numbers must be indicated in paragraph 3 below.

<sup>1</sup>“State” means –





(a) any national or provincial department, national or provincial public entity or constitutional institution within the meaning of the Public Finance Management Act, 1999 (Act No. 1 of 1999);

(b) any municipality or municipal entity;

(c) provincial legislature;

(d) national Assembly or the national Council of provinces; or

(e) Parliament.

<sup>2</sup>“Shareholder” means a person who owns shares in the company and is actively involved in the management of the enterprise or business and exercises control over the enterprise.

2.7 Are you or any person connected with the bidder **YES / NO**  
presently employed by the state?

If so, furnish the following particulars:

Name of person / director / trustee / shareholder/ member:

.....

Name of state institution at which you or the person  
connected to the bidder is employed:

.....

Position occupied in the state institution:

.....

Any other particulars:

.....

.....

.....

If you are presently employed by the state, did you obtain **YES / NO**  
the appropriate authority to undertake remunerative  
work outside employment in the public sector?



If yes, did you attach proof of such authority to the bid document?

**YES / NO**

(Note: Failure to submit proof of such authority, where applicable, may result in the disqualification of the bid.

If no, furnish reasons for non-submission of such proof:

.....  
.....  
.....

Did you or your spouse, or any of the company's directors / trustees / shareholders / members or their spouses conduct business with the state in the previous twelve months?

**YES / NO**

If so, furnish particulars:

.....  
.....  
.....

Do you, or any person connected with the bidder, have any relationship (family, friend, other) with a person employed by the state and who may be involved with the evaluation and or adjudication of this bid?

**YES / NO**

2.9.1 If so, furnish particulars.

.....  
.....  
.....



2.10 **YES/NO** Are you, or any person connected with the bidder,

aware of any relationship (family, friend, other) between any other bidder and any person employed by the state who may be involved with the evaluation and or adjudication of this bid?

2.10.1 If so, furnish particulars.

.....  
 .....  
 .....

2.11 Do you or any of the directors / trustees / shareholders / members **YES/NO** of the company have any interest in any other related companies whether or not they are bidding for this contract?

2.11.1 If so, furnish particulars:

.....  
 .....  
 .....

**Full details of directors / trustees / members / shareholders.**

Full Name	Identity Number	Personal Tax Reference Number	State Employee Number / Peral Number




**4 DECLARATION**

I, THE UNDERSIGNED  
 (NAME).....

CERTIFY THAT THE INFORMATION FURNISHED IN PARAGRAPHS 2 and 3 ABOVE IS CORRECT.

I ACCEPT THAT THE STATE MAY REJECT THE BID OR ACT AGAINST ME IN TERMS OF PARAGRAPH 23 OF THE GENERAL CONDITIONS OF CONTRACT SHOULD THIS DECLARATION PROVE TO BE FALSE.

.....  
 Signature

.....  
 Date

.....  
 Position

.....  
 Name of bidder



**SBD 6.1**

**PREFERENCE POINTS CLAIM FORM IN TERMS OF THE PREFERENTIAL PROCUREMENT REGULATIONS 2017**

This preference form must form part of all bids invited. It contains general information and serves as a claim form for preference points for Broad-Based Black Economic Empowerment (B-BBEE) Status Level of Contribution

**NB: BEFORE COMPLETING THIS FORM, BIDDERS MUST STUDY THE GENERAL CONDITIONS, DEFINITIONS AND DIRECTIVES APPLICABLE IN RESPECT OF B-BBEE, AS PRESCRIBED IN THE PREFERENTIAL PROCUREMENT REGULATIONS, 2017.**

**GENERAL CONDITIONS**

The following preference point systems are applicable to all bids:

the 80/20 system for requirements with a Rand value of up to R50 000 000 (all applicable taxes included); and  
 the 90/10 system for requirements with a Rand value above R50 000 000 (all applicable taxes included).

- a) The value of this bid is estimated to **exceed/not exceed** R50 000 000 (all applicable Applicable; or
- b) Either the 80/20 or 90/10 preference point system will be applicable to this tender (*delete whichever is not applicable for this tender*).

Points for this bid shall be awarded for:

Price; and

B-BBEE Status Level of Contributor.

The maximum points for this bid are allocated as follows:

	<b>POINTS</b>
<b>PRICE</b>	
<b>B-BBEE STATUS LEVEL OF CONTRIBUTOR</b>	
<b>Total points for Price and B-BBEE must not exceed</b>	<b>100</b>



Failure on the part of a bidder to submit proof of B-BBEE Status level of contributor together with the bid, will be interpreted to mean that preference points for B-BBEE status level of contribution are not claimed.

The purchaser reserves the right to require of a bidder, either before a bid is adjudicated or at any time subsequently, to substantiate any claim regarding preferences, in any manner required by the purchaser.

## DEFINITIONS

**“B-BBEE”** means broad-based black economic empowerment as defined in section 1 of the Broad-Based Black Economic Empowerment Act.

**“B-BBEE status level of contributor”** means the B-BBEE status of an entity in terms of a code of good practice on black economic empowerment, issued in terms of section 9(1) of the Broad-Based Black Economic Empowerment Act.

**“bid”** means a written offer in a prescribed or stipulated form in response to an invitation by an organ of state for the provision of goods or services, through price quotations, advertised competitive bidding processes or proposals.

**“Broad-Based Black Economic Empowerment Act”** means the Broad-Based Black Economic Empowerment Act, 2003 (Act No. 53 of 2003).

**“EME”** means an Exempted Micro Enterprise in terms of a code of good practice on black economic empowerment issued in terms of section 9 (1) of the Broad-Based Black Economic Empowerment Act.

**“functionality”** means the ability of a tenderer to provide goods or services in accordance with specifications as set out in the tender documents.

**“prices”** includes all applicable taxes less all unconditional discounts.

**“proof of B-BBEE status level of contributor”** means:

B-BBEE Status level certificate issued by an authorized body or person.

An affidavit as prescribed by the B-BBEE Codes of Good Practice.

Any other requirement prescribed in terms of the B-BBEE Act.

**“QSE”** means a qualifying small business enterprise in terms of a code of good practice on black economic empowerment issued in terms of section 9 (1) of the Broad-Based Black Economic Empowerment Act.

**“rand value”** means the total estimated value of a contract in Rand, calculated at the time of bid invitation, and includes all applicable taxes.



**POINTS AWARDED FOR PRICE**

**THE 80/20 OR 90/10 PREFERENCE POINT SYSTEMS**

A maximum of 80 or 90 points is allocated for price on the following basis:

**80/20**

**or**

**90/10**

$$P_s = 80 \left( 1 - \frac{P_t - P_{\min}}{P_{\min}} \right) \quad \text{or} \quad P_s = 90 \left( 1 - \frac{P_t - P_{\min}}{P_{\min}} \right)$$

Where

$P_s$  = Points scored for price of bid under consideration

$P_t$  = Price of bid under consideration

$P_{\min}$  = Price of lowest acceptable bid

**POINTS AWARDED FOR B-BBEE STATUS LEVEL OF CONTRIBUTOR**

In terms of Regulation 6 (2) and 7 (2) of the Preferential Procurement Regulations, preference points must be awarded to a bidder for attaining the B-BBEE status level of contribution in accordance with the table below:

<b>B-BBEE Status Level of Contributor</b>	<b>Number of points (90/10 system)</b>	<b>Number of points (80/20 system)</b>
1	10	20
2	9	18
3	6	14
4	5	12
5	4	8
6	3	6
7	2	4
8	1	2
Non-compliant contributor	0	0

**BID DECLARATION**

Bidders who claim points in respect of B-BBEE Status Level of Contribution must complete the following:



**B-BBEE STATUS LEVEL OF CONTRIBUTOR CLAIMED IN TERMS OF PARAGRAPHS 1.4 AND 4.1**

B-BBEE Status Level of Contributor: . = ..... (maximum of 10 or 20 points)

(Points claimed in respect of paragraph 7.1 must be in accordance with the table reflected in paragraph 4.1 and must be substantiated by relevant proof of B-BBEE status level of contributor.

**SUB-CONTRACTING**

Will any portion of the contract be sub-contracted?

*(Tick applicable box)*

YES	<input type="checkbox"/>	NO	<input type="checkbox"/>
-----	--------------------------	----	--------------------------

If yes, indicate:

What percentage of the contract will be subcontracted.....%

The name of the sub-contractor.....

The B-BBEE status level of the sub-contractor.....

Whether the sub-contractor is an EME or QSE

*(Tick applicable box)*

YES	<input type="checkbox"/>	NO	<input type="checkbox"/>
-----	--------------------------	----	--------------------------

Specify, by ticking the appropriate box, if subcontracting with an enterprise in terms of Preferential Procurement Regulations,2017:

<b>Designated Group: An EME or QSE which is at last 51% owned by:</b>	<b>EME</b> √	<b>QSE</b> √
Black people		
Black people who are youth		
Black people who are women		
Black people with disabilities		
Black people living in rural or underdeveloped areas or townships		
Cooperative owned by black people		
Black people who are military veterans		
<b>OR</b>		
Any EME		
Any QSE		





**DECLARATION WITH REGARD TO COMPANY/FIRM**

Name ..... of  
company/firm:.....

VAT registration number:.....

Company registration number:.....

**TYPE OF COMPANY/ FIRM**

- Partnership/Joint Venture / Consortium
- One person business/sole propriety
- Close corporation
- Company
- (Pty) Limited

[TICK APPLICABLE BOX]

**DESCRIBE PRINCIPAL BUSINESS ACTIVITIES**

.....  
.....  
.....  
.....

**COMPANY CLASSIFICATION**

- Manufacturer
- Supplier
- Professional service provider
- Other service providers, e.g. transporter, etc.

[TICK APPLICABLE BOX]

Total number of years the company/firm has been in business:.....

I/we, the undersigned, who is / are duly authorised to do so on behalf of the company/firm, certify that the points claimed, based on the B-BBE status level of contributor indicated in



paragraphs 1.4 and 6.1 of the foregoing certificate, qualifies the company/ firm for the preference(s) shown and I / we acknowledge that:

The information furnished is true and correct;

The preference points claimed are in accordance with the General Conditions as indicated in paragraph 1 of this form;

In the event of a contract being awarded as a result of points claimed as shown in paragraphs 1.4 and 6.1, the contractor may be required to furnish documentary proof to the satisfaction of the purchaser that the claims are correct;

If the B-BBEE status level of contributor has been claimed or obtained on a fraudulent basis or any of the conditions of contract have not been fulfilled, the purchaser may, in addition to any other remedy it may have –

disqualify the person from the bidding process;

recover costs, losses or damages it has incurred or suffered as a result of that person's conduct;

cancel the contract and claim any damages which it has suffered as a result of having to make less favourable arrangements due to such cancellation;

recommend that the bidder or contractor, its shareholders and directors, or only the shareholders and directors who acted on a fraudulent basis, be restricted by the National Treasury from obtaining business from any organ of state for a period not exceeding 10 years, after the *audi alteram partem* (hear the other side) rule has been applied; and

forward the matter for criminal prosecution.

<p>WITNESSES</p> <p>1. ....</p> <p>2. ....</p>
--

<p>.....</p> <p>SIGNATURE(S) OF BIDDERS(S)</p> <p>DATE: .....</p> <p>ADDRESS .....</p> <p>.....</p> <p>.....</p>
--



SBD 8

## DECLARATION OF BIDDER'S PAST SUPPLY CHAIN MANAGEMENT PRACTICES

This Standard Bidding Document must form part of all bids invited.

It serves as a declaration to be used by institutions in ensuring that when goods and services are being procured, all reasonable steps are taken to combat the abuse of the supply chain management system.

The bid of any bidder may be disregarded if that bidder, or any of its directors have-

abused the institution's supply chain management system;  
 committed fraud or any other improper conduct in relation to such system; or  
 failed to perform on any previous contract.

**In order to give effect to the above, the following questionnaire must be completed and submitted with the bid.**

Item	Question	Yes	No
4.1	<p>Is the bidder or any of its directors listed on the National Treasury's Database of Restricted Suppliers as companies or persons prohibited from doing business with the public sector?</p> <p>(Companies or persons who are listed on this Database were informed in writing of this restriction by the Accounting Officer/Authority of the institution that imposed the restriction after the <i>audi alteram partem</i> rule was applied).</p> <p><b>The Database of Restricted Suppliers now resides on the National Treasury's website(<a href="http://www.treasury.gov.za">www.treasury.gov.za</a>) and can be accessed by clicking on its link at the bottom of the home page.</b></p>	<p>Yes</p> <p><input type="checkbox"/></p>	<p>No</p> <p><input type="checkbox"/></p>
4.1.1	<p>If so, furnish particulars:</p>		



4.2	<p>Is the bidder or any of its directors listed on the Register for Tender Defaulters in terms of section 29 of the Prevention and Combating of Corrupt Activities Act (No 12 of 2004)?</p> <p><b>The Register for Tender Defaulters can be accessed on the National Treasury's website (<a href="http://www.treasury.gov.za">www.treasury.gov.za</a>) by clicking on its link at the bottom of the home page.</b></p>	Yes <input type="checkbox"/>	No <input type="checkbox"/>
4.2.1	If so, furnish particulars:		
4.3	Was the bidder or any of its directors convicted by a court of law (including a court outside of the Republic of South Africa) for fraud or corruption during the past five years?	Yes <input type="checkbox"/>	No <input type="checkbox"/>
4.3.1	If so, furnish particulars:		
4.4	Was any contract between the bidder and any organ of state terminated during the past five years on account of failure to perform on or comply with the contract?	Yes <input type="checkbox"/>	No <input type="checkbox"/>
4.4.1	If so, furnish particulars:		

### CERTIFICATION

**I, THE UNDERSIGNED (FULL NAME) .....**

**CERTIFY THAT THE INFORMATION FURNISHED ON THIS DECLARATION FORM IS TRUE AND CORRECT.**

**I ACCEPT THAT, IN ADDITION TO CANCELLATION OF A CONTRACT, ACTION MAY BE TAKEN AGAINST ME SHOULD THIS DECLARATION PROVE TO BE FALSE.**



.....  
**Signature**

.....  
**Date**

.....  
**Position**

.....  
**Name of Bidder**



**SBD 9**

## **CERTIFICATE OF INDEPENDENT BID DETERMINATION**

1 This Standard Bidding Document (SBD) must form part of all bids<sup>1</sup> invited.

2 Section 4 (1) (b) (iii) of the Competition Act No. 89 of 1998, as amended, prohibits an agreement between, or concerted practice by, firms, or a decision by an association of firms, if it is between parties in a horizontal relationship and if it involves collusive bidding (or bid rigging).<sup>2</sup> Collusive bidding is a *pe se* prohibition meaning that it cannot be justified under any grounds.

3 Treasury Regulation 16A9 prescribes that accounting officers and accounting authorities must take all reasonable steps to prevent abuse of the supply chain management system and authorizes accounting officers and accounting authorities to:

a. disregard the bid of any bidder if that bidder, or any of its directors have abused the institution's supply chain management system and or committed fraud or any other improper conduct in relation to such system.

b. cancel a contract awarded to a supplier of goods and services if the supplier committed any corrupt or fraudulent act during the bidding process or the execution of that contract.

This SBD serves as a certificate of declaration that would be used by institutions to ensure that, when bids are considered, reasonable steps are taken to prevent any form of bid-rigging. In order to give effect to the above, the attached Certificate of Bid Determination (SBD 9) must be completed and submitted with the bid:

<sup>1</sup> Includes price quotations, advertised competitive bids, limited bids and proposals.

<sup>2</sup> Bid rigging (or collusive bidding) occurs when businesses, that would otherwise be expected to compete, secretly conspire to raise prices or lower the quality of goods and / or services for purchasers who wish to acquire goods and / or services through a bidding process. Bid rigging is, therefore, an agreement between competitors not to compete.



SBD 9

## CERTIFICATE OF INDEPENDENT BID DETERMINATION

I, the undersigned, in submitting the accompanying bid:

---

**RFQ:210903 RESEARCH PROJECTS FOR SUBMISSIONS AND RECOMMENDATIONS TO THE PARLIAMENT FOR THE DIVISION OF REVENUE, TO UNDERTAKE RESEARCH ON THE RESEARCH TOPICS.**

in response to the invitation for the bid made by:

---

(Name of Institution)

do hereby make the following statements that I certify to be true and complete in every respect:

I certify, on behalf of:

\_\_\_\_\_ that:

(Name of Bidder)

I have read and I understand the contents of this Certificate;  
I understand that the accompanying bid will be disqualified if this Certificate is found not to be true and complete in every respect;  
I am authorized by the bidder to sign this Certificate, and to submit the accompanying bid, on behalf of the bidder;  
Each person whose signature appears on the accompanying bid has been authorized by the bidder to determine the terms of, and to sign the bid, on behalf of the bidder;  
For the purposes of this Certificate and the accompanying bid, I understand that the word "competitor" shall include any individual or organization, other than the bidder, whether affiliated with the bidder, who:

- (a) has been requested to submit a bid in response to this bid invitation;
- (b) could potentially submit a bid in response to this bid invitation, based on their qualifications, abilities or experience; and
- (c) provides the same goods and services as the bidder and/or is in the same line of business as the bidder



**SBD 9**

The bidder has arrived at the accompanying bid independently from, and without consultation, communication, agreement or arrangement with any competitor. However, communication between partners in a joint venture or consortium<sup>3</sup> will not be construed as collusive bidding.

In particular, without limiting the generality of paragraphs 6 above, there has been no consultation, communication, agreement or arrangement with any competitor regarding: prices;

geographical area where product or service will be rendered (market allocation)

- (c) methods, factors or formulas used to calculate prices;
- (d) the intention or decision to submit or not to submit, a bid;
- (e) the submission of a bid which does not meet the specifications and conditions of the bid;
- or
- (f) bidding with the intention not to win the bid.

In addition, there have been no consultations, communications, agreements or arrangements with any competitor regarding the quality, quantity, specifications and conditions or delivery particulars of the products or services to which this bid invitation relates.

The terms of the accompanying bid have not been, and will not be, disclosed by the bidder, directly or indirectly, to any competitor, prior to the date and time of the official bid opening or of the awarding of the contract.

I am aware that, in addition and without prejudice to any other remedy provided to combat any restrictive practices related to bids and contracts, bids that are suspicious will be reported to the Competition Commission for investigation and possible imposition of administrative penalties in terms of section 59 of the Competition Act No 89 of 1998 and or may be reported to the National Prosecuting Authority (NPA) for criminal investigation and or may be restricted from conducting business with the public sector for a period not exceeding ten (10) years in terms of the Prevention and Combating of Corrupt Activities Act No 12 of 2004 or any other applicable legislation.

.....  
Signature

.....  
Date

.....  
Position

.....  
Name of Bidder

<sup>3</sup> Joint venture or Consortium means an association of persons for the purpose of combining their expertise, property, capital, efforts, skill and knowledge in an activity for the execution of a contract.





**Annexure 1: POPIA Compliance**

**CONSENT TO PROCESS PERSONAL INFORMATION IN TERMS OF THE PROTECTION OF INFORMATION ACT, 4 OF 2013 (POPIA), FOR STAKEHOLDERS EXTERNAL TO THE FFC**

For use by:

THE FINANCIAL AND FISCAL COMMISSION including all its divisions (“FFC”)

---

**1. INTRODUCTION**

The Protection of Personal Information Act, 4 of 2013, (POPIA) regulates and controls the collection, storage, use, transfer, and processing of a person’s (in some instances a juristic person’s) Personal Information. ***In terms of the POPI Act, the Financial and Fiscal Commission (FFC) has a legal duty to process a person’s Personal Information in a lawful, legitimate and responsible manner.***

The FFC does and will from time-to-time process Personal Information. In terms of POPIA all persons, including any FFC employee and/or partner who collects, manages, processes, transfers, stores and/or retains such Personal Information, whether held under a document, recording or in any other format, has a responsibility to process such information in accordance with the provisions under POPIA.

In order to discharge this duty, the FFC as the responsible party requires your express and informed permission to process your Personal Information for the purpose of \_\_\_\_\_(state purpose).

## 2. DEFINITIONS

Take note of the following definitions which will be used throughout this document, and which are used in the POPIA.

" <b>biometrics</b> " means a technique of personal identification that is based on physical, physiological, or behavioural characterisation including blood typing, fingerprinting, DNA
" <b>child</b> " means a natural person under the age of 18 years who is not legally competent, without the assistance of a competent person, to take any action or decision in respect of any matter concerning him-or herself;
" <b>competent person</b> " means any person who is legally competent to consent to any action or decision being taken in respect of any matter concerning a child;
" <b>consent</b> " means any voluntary, specific and informed expression of will in terms of which permission is given for the processing of Personal Information;
" <b>data subject</b> " means the person to whom Personal Information relates;
" <b>operator</b> " means a person who processes Personal Information for a responsible party in terms of a contract or mandate, without coming under the direct authority of that party;
" <b>person</b> " means a natural person or a juristic person;
" <b>Personal Information</b> " means information relating to an identifiable, living, natural person, and where it is applicable, an identifiable, existing juristic person, including, but not limited to—
(a) information relating to the race, gender, sex, pregnancy, marital status, national, ethnic or social origin, colour, sexual orientation, age, physical or mental health, well-being, disability, religion, conscience, belief, culture, language and birth of the person;
(b) information relating to the education or the medical, financial, criminal or employment history of the person;
(c) any identifying number, symbol, e-mail address, physical address, telephone number, location information, online identifier, or other particular assignment to the person;
(d) the biometric information of the person;
(e) the personal opinions, views, or preferences of the person;
(f) correspondence sent by the person that is implicitly or explicitly of a private or confidential nature or further correspondence that would reveal the contents of the original

(g) the views or opinions of another individual about the person; and
(h) the name of the person if it appears with other Personal Information relating to the person or if the disclosure of the name itself would reveal information about the person.
<b>"processing"</b> means any operation or activity or any set of operations, whether or not by automatic means, concerning Personal Information, including—
(a) the collection, receipt, recording, organisation, collation, storage, updating or modification, retrieval, alteration, consultation or use;
(b) dissemination by means of transmission, distribution or making available in any other form; or
(c) merging, linking, as well as restriction, degradation, erasure or destruction of information;
<b>"record"</b> means any recorded information—
(a) regardless of form or medium, including any of the following:
(i) Writing on any material;
(ii) information produced, recorded or stored by means of any tape-recorder, computer equipment, whether hardware or software or both, or other device, and any material subsequently derived from information so produced, recorded or stored;
(iii) label, marking or other writing that identifies or describes anything of which it forms part, or to which it is attached by any means;
(iv) book, map, plan, graph or drawing;
(v) photograph, film, negative, tape or other device in which one or more visual images are embodied so as to be capable, with or without the aid of some other equipment, of being reproduced;
(b) in the possession or under the control of a responsible party;
(c) whether or not it was created by a responsible party; and
(d) regardless of when it came into existence;
<b>"responsible party"</b> means a public or private body or any other person who, alone or in conjunction with others, determines the purpose of and means for processing personal information;



<b>Examples of Personal Information include</b>
A person's name and address (postal and email)
Date of birth
Statements of fact (factual statements)
Any expression or opinion communicated about an individual
Minutes of meetings, reports
Emails, file notes, handwritten notes, sticky notes
Photographs and virtual meeting and CCTV footage if an individual can be identified by the footage
Employment and student applications
Spreadsheets and/or databases with any list of people set up by code or student/staff
Employment number
Employment or education history
<b>Special Personal Information Includes:</b>
Any information relating to an individual's:
Ethnicity
Gender
Religious or other beliefs
Political opinions
Membership of a trade union
Sexual orientation
Medical history
Offences committed or alleged to have been committed by that individual
Biometric details
Children's details

### 3. PURPOSE FOR THE COLLECTION

3.1 The purpose for the collection of your Personal Information and the reason why FFC requires your Personal Information is to enable FFC to:

3.1.1 comply with lawful obligations, including all applicable labour, tax and financial legislation and/or the B-BBEE laws;

3.1.2 to give effect to a contractual relationship as between you and FFC and in order to ensure the correct administration of the relationship;

3.1.3 for operational reasons including the conducting of research;



3.1.4 to protect the legitimate interests of FFC, yourself or a third party;

3.2 All Personal Information which you provide to FFC will only be used for the purposes for which it is collected.

#### **4. CONSEQUENCES OF WITHOLDING CONSENT OR PERSONAL INFORMATION**

Should you refuse to provide FFC with your Personal Information which is required by FFC for the purposes indicated above, and the required consent to process the aforementioned Personal Information, then FFC will be unable to engage with you or enter into an agreement or relationship with you.

#### **5. STORAGE AND RETENTION AND DESTRUCTION OF INFORMATION**

5.1 All Personal Information which you provide to FFC will be held and/or stored securely and held for the purpose for which it was collected, as reflected above.

5.2 Your Personal Information will be stored electronically in a centralised data base, which, for operational reasons, will be accessible to authorised persons within FFC.

5.3 Where appropriate, some information may be retained in hard copy.

5.4 In either event, storage will be secure and audited regularly regarding the safety and the security of the information.

5.5 Once your Personal Information is no longer required due to the fact that the purpose for which the information was held has expired, such Personal Information will be safely and securely archived for a period of 5 years or longer, especially should this



be required by any other law applicable in South Africa. Thereafter, all your Personal Information will be permanently destroyed.

## **6. ACCESS BY OTHERS**

The FFC may from time to time have to disclose your Personal Information to other parties, and entities regulators and/or governmental officials but such disclosure will always be subject to an agreement which will be concluded between FFC and the party to whom it is disclosing your Personal Information, which contractually obliges the recipient of the Personal Information to comply with strict confidentiality and data security conditions.

## **7. RIGHT TO OBJECT**

In terms of section 11(3) of POPIA you have the right to object in the prescribed manner to FFC processing your Personal Information. On receipt of your objection FFC will place a hold on any further processing until the cause of the objection has been resolved.

## **8. ACCURACY OF INFORMATION AND ONUS**

POPIA requires that all your Personal Information and related details, as supplied are complete, accurate and up-to-date. Whilst FFC will always use its best endeavours to ensure that your Personal Information is reliable, it will be your responsibility to advise FFC of any changes to your Personal Information, as and when these may occur.

## **9. ACCESS TO THE INFORMATION BY THE DATA SUBJECT**

You have the right at any time to ask the FFC to provide you with the details of any of your Personal Information which the FFC holds on your behalf; and the details as to what FFC has done with that Personal Information, **Provided that such request is made using the standard section 51 PAIA process**, which procedure can be accessed by downloading and completing the standard request for information form, housed under section 51 of the PAIA Manuals which can be found on our website at [www.ffc.co.za](http://www.ffc.co.za).



## **10. COMPLAINTS**

You have the right to address any complaints regarding the processing of your Personal Information to the FFC Information Officer at [info@ffc.co.za](mailto:info@ffc.co.za) or you may approach to the Information Regulator ([complaints.IR@justice.gov.za](mailto:complaints.IR@justice.gov.za))

## **11. DECLARATION AND INFORMED CONSENT**

I declare that all Personal Information supplied to FFC is accurate, up to date, is not misleading and that it is complete in all respects.

I undertake to immediately advise FFC of any changes to my Personal Information should any of these details change.

By providing FFC with my Personal Information, I consent and give the FFC permission to process and further process my Personal Information as and where required and acknowledge that I understand the purposes for which it is required and for which it will be used.

Sign: \_\_\_\_\_

Date: \_\_\_\_\_