

SOUTH AFRICAN LOCAL
GOVERNMENT ASSOCIATION

SALGA

Inspiring service delivery

**SOUTH AFRICAN LOCAL GOVERNMENT ASSOCIATION (SALGA) HEREBY REQUEST FOR
EXPRESSION OF INTEREST: PROPOSALS OF INNOVATION AND SOLUTIONS TO IMPROVE
SERVICE DELIVERY WITHIN LOCAL GOVERNMENT**

BID NO. SALGA/14/2023

Closing date and time: 08 December 2023 at 11:00

Bid Validity Period: 120 days.

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1. INTRODUCTION

The South African Local Government Association (SALGA) is a public entity established by the Organised Local Government Act (Act 52 of 1997) to assist in the comprehensive transformation of local government in South Africa. SALGA is managed within the framework of the Public Finance Management Act (Act 1 of 1999) and is listed as a schedule 3A public entity. Its main objectives are to:

- Represent, promote, and protect the interests of local government.
- Transform local government to enable it to fulfil its developmental role.
- Enhance the role and status of its members as provincial representatives and consultative bodies of local government.
- Enhance the role and status of municipalities.
- Be recognised by national and provincial governments to be the representative and consultative body in respect of all matters concerning local government and to make representations to both provincial and national governments in respect of any matter concerning local government.
- Ensure the full participation of women in organised local government.
- Be the National Employers' Association representing all municipal members and, by agreement, associate members.

2. SALGA MANDATE

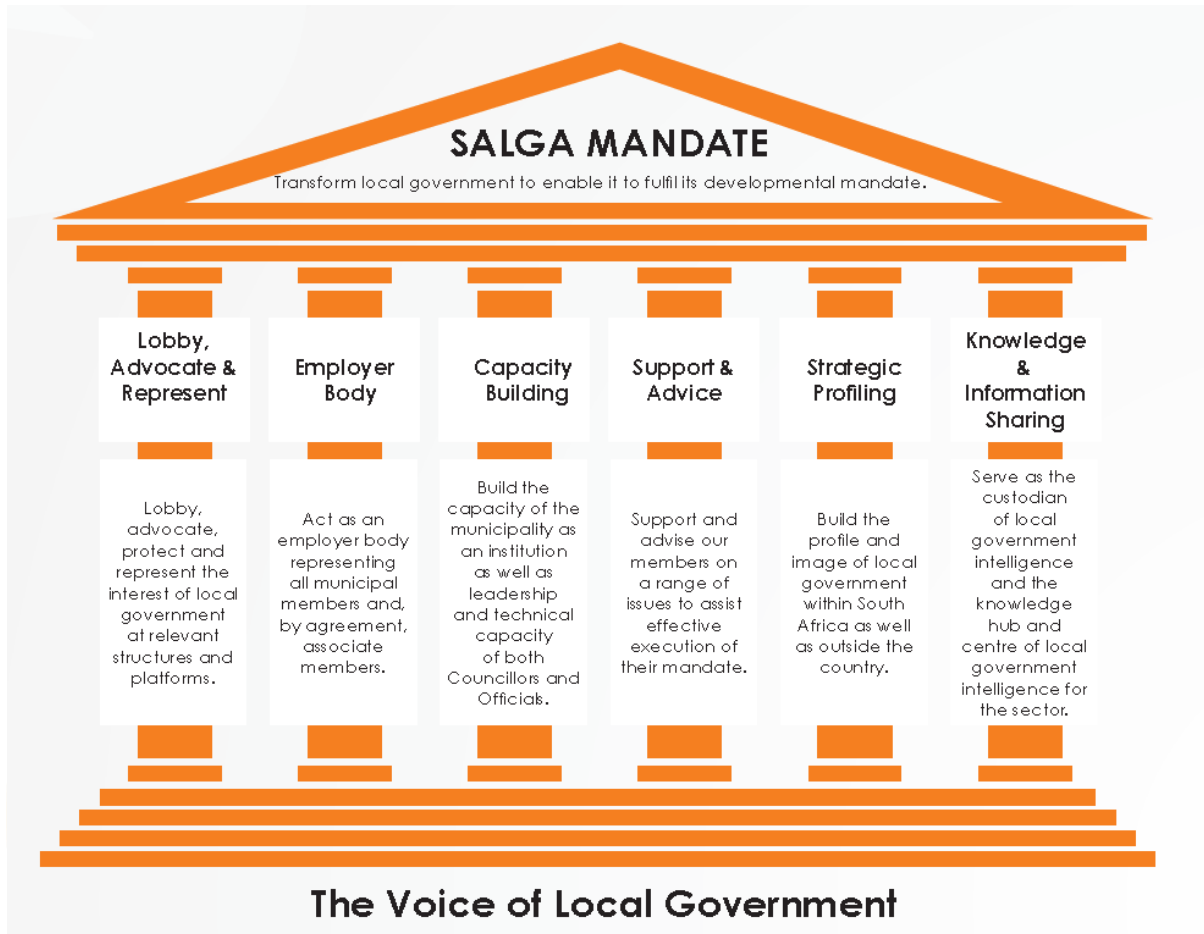
Developmental Local Government is an essential component of the machinery of government. In accordance with its constitutional mandate, SALGA is obliged to transform the local government sector to one that has the required capacity to make a meaningful contribution to poverty alleviation, economic development, and all socio-economic opportunities that the state has geared itself to provide for its people.

SALGA also serves as the representative voice of all 257 municipalities in the country. For the past 21 years, since its establishment, SALGA has endeavoured to bring focus to its mandate of supporting local government transformation in a complex environment, characterised by a highly diverse and diffuse membership-base of municipalities. In terms of its amended Constitution, SALGA is a unitary body that consists of a national association and nine provincial offices. Its mandate rests on six primary pillars:

- a) **Representation, Advocacy and Lobbying** refers to representing the interests of members in legislatures and other policy making and oversight structures. It also refers

- to engaging with various stakeholders, public debates etc. in the interest of Local Government.
- b) **Employer Body** refers to being an effective employer representative for members. Employer representation is carried out through collective bargaining (in terms of the Labour Relations Act) in various structures including but not limited to those established in the South African Local Government Bargaining Council.
 - c) **Capacity Building** refers to facilitating capacity building initiatives through among others, representing member interests in the Local Government Sector Education Authority (LGSETA). SALGA strives to facilitate a coherent, well-coordinated capacity building programme for municipal councilors and officials.
 - d) **Support and Advice** refers to the provision of tools and services that enable municipalities to understand and interpret trends, policies and legislation affecting Local Government and to implement the said policies and plans.
 - e) **Strategic Profiling** of Local Government refers to enhancing the profile and image of local government as an important and credible agent for the delivery of services. Profiling focuses within South Africa, the African continent, and the rest of the world.
 - f) **Knowledge and Information Sharing** refers to building and sharing a comprehensive hub of Local Government knowledge and intelligence that will enable informed delivery of other SALGA mandates. The knowledge hub is also a useful reference point for all who seek Local Government information.

Diagrammatically the mandate is depicted as follows:



3. PURPOSE

The purpose of this document is to call for proposals from Service Providers to form part of the SALGA Panel of Innovation and Solutions whose key mandate will be to propose value-add solutions intended to improve service delivery at municipalities as a primary objective, and the second objective is to partner with SALGA on a revenue share basis upon municipalities opting to use the selected services providers whom their solutions would have been vetted through this expression of interest. This is a call for complete tech products not for consultancy services.

4. LOCAL GOVERNMENT CONTEXT

The Constitution of the Republic of South Africa (1996) established three distinctive, interdependent, and interrelated spheres of government. Section 152 of the Constitution of the Republic of South Africa, 1996 calls for national and provincial government to support local government, while Section 163 recognises Organised Local Government (OLG) as the legitimate voice of local government. The Constitution further outlines the following objectives of Local Government:

- a) Provide local communities with democratic and accountable government.
- b) Ensure the provision of services to communities in a sustainable manner.

- c) Promote social and economic development.
- d) Promote a safe and healthy environment.
- e) Encourage the involvement of communities and community organizations in the matters of local government.

Resulting from the OLG Act, 52 of 1997, the White Paper on Local Government was written and adopted as a new policy for local government. This White Paper laid the foundation for a post-apartheid system of local government as one of the most important policy statements on the role of local government. Adopted before promulgation of any local government legislation, the White Paper built on the objectives of local government and recognized SALGA as the body established by the OLG Act. According to the White Paper, SALGA is required to:

- Make provision of specialized services to strengthen capacity of LG.
- Research and information dissemination.
- Facilitate shared learning between municipalities.

Further, the Municipal Systems Act, 2000 (Section 3), provides that SALGA must seek to: -

- develop common approaches for local government as a distinct sphere,
- find solutions for problems that relate to local government generally,
- enhance co-operation; mutual assistance & sharing of resources between municipalities, and
- Facilitate compliance with the principles of cooperative governance & intergovernmental relations.

SALGA, as the fully recognized Organized Local Government Association, fulfils six mandates towards the transformation of local government. The most popular of these mandates, directed by the largest number of key performance indicators in the SALGA Annual Performance Plans, is that of providing support and advice to local government.

The environment within which local government operates is dynamic and determined by both internal and external factors. Added to such dynamic challenges, local government continues to be plagued by fundamental issues that impact on its ability to operate efficiently and effectively. Some of these fundamental pressures are internal to municipalities, such as institutional capacity constraints while others are external. The external factors include amongst others, economic pressures, and changes in the policy environment.

In line with its mandate, SALGA is required to be responsive to the dynamic challenges and requirements faced by its members, at the same time, understanding and tackling key fundamental pressures faced by local government and provide solutions, generally to solve the sectors challenges. Business Development, was established as a function with focus on commercialized activities/solutions, is a fundamental component of SALGA's strategy adopted to achieve its abovementioned objectives. SALGA seeks to explore opportunities of extending the current package of service offerings beyond its core mandate areas with commercial services/solutions that are service delivery orientated to address challenges faced by the sector. The provision of value-added services/solutions is therefore intended to improve service delivery at municipalities as a primary objective, and secondarily offering innovative products and solutions that would generate alternative sources of funding for the organisation.

4. LOCAL GOVERNMENT CHALLENGES

SALGA's objective and thrust are to become a Centre of Excellence and Innovation in the sector. To achieve this strategic thrust the organization ought to improve its value proposition to its members. SALGA needs provide differentiated solutions that match the needs and expectations of its different stakeholders or municipalities. Municipalities are faced with various challenges that often require tailored and/or agile solutions which the market either does not have, or in many situations, are not tailored properly. The position that SALGA occupies in the sector puts the organization in a unique vantage point in the sector. The organization through its extensive interaction and involvement in the sector ensures that SALGA is at the pulse of understanding the sectors challenges slightly better than the private sector. This proximity of SALGA to municipalities provides the organization with an advantage over distant potential suppliers. SALGA has always been empowered by legislations to provide solutions, generally, to challenges that municipalities encounter, and this is a key element of SALGA current strategy.

Globally, people are moving to cities and live in urban areas – the UN predicts for 68 per cent of the world's population to live in urban areas by 2050. Today, most people, 55 per cent of the world's population live in urban areas. Projections show that the gradual shift in urbanized residence of the human population from rural, another 2.5 billion people to urban areas could be added through population growth by 2050, with close to 90 per cent taking place in Asia and Africa. Some municipalities in South Africa, such as the City of Johannesburg, City of Tshwane, City of Cape Town, eThekweni, etc., are already experiencing migration patterns both internally and externally.

This, therefore, demonstrates that our cities are facing growing environmental, societal, and economic challenges. However, technology can overcome some of these challenges and make our cities better places to live. However, if the divide between technology development and the growth rate and management thereof, becomes too big, it may lead to disruptive behavior. For South Africa, the predictions have devastating implications as Western Europe's population growth declines, while it will increase rapidly in Southern Africa with a specific focus on South Africa.

The outbreak of Covid-19 during late 2019 and the necessary isolation of most individuals in the workforce forced organizations to increasingly depend on technology to connect people virtually and their data types and processes in the work environment changed as a result. Technology consistently changes organizations and how people work within an organisation. Where the last wave of technology innovation concentrated on social interacting, the next wave (already in process) concentrates on ubiquitous computing, giving us the "Internet of everything" (proposal) where various technologies, processes and people are interconnected or networked. The execution of an aligned strategy should be everybody's occupation to achieve the business's goals and outcomes. Municipalities are the hardest hit, and some are found it difficult to function during the pandemic lockdowns as some services required intensive physical interaction and operated manually; this is still the case.

Technology was and is a crucial driver for innovation and sustainable growth as the world faces the era of pandemics. New technologies and emerging like blockchain will accelerate to help people cope with changes in our ever-evolving environment. As Covid-19 has vaulted

five years forward in consumer and business digital adoption in matters of months, 75 per cent of people using digital channels indicated that they would continue to use them after the pandemic, indicating that digital platforms will have to be on par with others in the same business. Today most companies are operating on a hybrid model with people allowed to work virtually and online meetings are norm which technologies like ZOOM and Microsoft Teams being dominant in connecting people.

Furthermore, several large economies have seen downward trends in adequacy of skill sets of all graduates in recent years (among them, India, South Africa, United States and Germany) while others such as Korea, Saudi Arabia, Turkey, and China have improved their scoring. Similarly, the adequacy of tertiary education to meet the needs of employment is rated at 68 points (out of 100) in advanced economies and 55 points in emerging and developing economies. In the aggregate, these figures have seen little change over the past years. The ability to find skilled employees has declined across advanced economies by 7% relative to 2016, while improving across developing economies by 3%. Of note is the shortage in digital skills as technology continue to disrupt labour markets, especially during Covid-19 pandemic lockdowns, with the trend to work remotely. Municipalities, especially in the rural areas often must develop programmes and services to support the unemployed youth in terms of reskilling or creating platforms for business opportunities. This requires key partnerships with the business communities to create such platform such as CSI projects that might be beneficial to municipalities, communities, and business.

The International Monetary Fund noted that even before Covid-19, the world had reached unsustainable levels and some countries in the midst reached 120 per cent of GDP in public debt. GDP declined since the 1960s. Global debt is three times more than global GDP. As with the US, China is evolving into the same trends, with a more significant debt curve. The three most advanced economies – the US, Europe and Japan will take many years of public and private deleveraging and structural reforms to overcome the situation. And given the South African debt situation and low economic growth, the country is in a far worse position, and this will require cost effective innovations to address our many challenges. A Chinese crisis may trigger a further global slowdown. As China needs commodities, many emerging markets can provide.

Unfortunately, the emerging markets fell back since 2015. India, Brazil, Italy, and Spain were worst hit by Covid-19. People left the cities and went back to rural villages, and the world has seen one of the greatest inner migrations. China may use Africa as the next board spring, and this could see a growth rate between 6 - 8 per cent in East African countries. As it may, the Asian GDP in 2020 would, for the first time, be higher than the rest of the world. In terms of the fourth industrial revolution, Asia is conquering the dominant position in the world, from the Internet of Things, artificial intelligence to smart cities. The G7 dominance is coming from something of the past. The onslaught of COVID-19 and stimulus measures increased public debt globally that was already high before the pandemic.

Debt in South Africa has increased significantly since the end of 2019, and it continues with the slow growth and pressures on inflation and the weak rand. The government budget deficit was reportedly overshooting due to major shortfalls in tax revenue and high spending in the areas of debt-servicing costs, education, and defense. In this regard, government was cautioned by OECD to prioritize expenditure. Despite the widening deficit, supporting short-term growth by partially sustaining household consumption through social grants, the rising

debt makes consolidation imperative to maintain market confidence. Local government is not immune to all these challenges.

The government remains committed to supporting firms and households despite limited fiscal space. The COVID-19 loan guarantee scheme (ZAR 18.1 billion or 0.4% of GDP guaranteed by the end of March) has been extended together with the special COVID-19 social relief of distress grants for low-income households and the temporary employment relief scheme. Spending of the public employment initiative has been increased by ZAR 11 billion (0.2% of GDP) in 2021/22. Implementing the government's infrastructure investment plan is essential to lift growth potential, requiring better prioritization of spending. Unlocking electricity production will be key to lifting production bottlenecks and restoring confidence.

Based on the international and local perspective outlined above, it is clear that SALGA as the leader in local government, cannot rest on its laurels and is required to respond through exploration of all potential solutions among other interventions that the organization must adopt and pursue to assist municipalities.

There are inadequate sector-based cutting-edge research programmes aimed at unlocking potential zones for advancing Local Economic Development (LED) programmes and to also provide an inclusive platform for all role players to ensure maximum participation.

South Africa is expected to concentrate on the following five priorities to accelerate economic growth:

- Competition and regulation: Remove barriers to competition and lift regulatory restrictions.
- Competition and regulation: Reduce barriers to entrepreneurship.
- Infrastructure: Improve infrastructure to boost growth.
- Education and skills: Raise quality and equity in education.
- Environmental policy: Green energy policy to limit environmental impact.

Municipalities are in serious debt and the ESKOM debt alone is R26, 5 billion and to the water boards R14, 9 billion. Although debt to municipalities by organs of state is R10, 2 billion, one needs to look at the systemic reasons going deeper into prevailing statistics, which includes:

- Constant changes in legislation and circulars
- Accounting standards are onerous.
- Rate collection
- Unfunded and under-funded mandates
- Electricity and Water CPI increases
- Capacity building inclusive of training endeavors.
- Leadership
- IGR is failing the system.
- MPAC's role is not executed.

SALGA has been at the forefront of discussions at the Presidential Coordinating Commission (PCC) to look at alternative ways of resolving the battle between municipalities and ESKOM. Further, SALGA is also looking at alternative sources of energy for communities that can

alleviate the burden at municipal level.

The above global and local context indicate that economic growth and GDP will decline across the globe and that the SA government will be affected. The pressure exerted on the fiscus will invariably trickle down to municipalities and ultimately impact on the SALGA's main funding i.e., membership levies. SALGA is required to be agile and re-look at innovative ways to fund the organization away from membership levies which are also drawn from the fiscus, albeit paid by municipalities, or tax collections from the annual COGTA grant. All efforts that are geared towards decreasing dependency on state funding should thus be encouraged and SALGA's Business Development is an initiative that seeks to respond to this imperative through using the sector as a market for the deployment of innovative solution that can earn SALGA revenue, while the primary focus, is to improve service delivery.

One of SALGA's identified long-standing strategic risk is the over-reliance of the organization on membership levies to the tune of ninety (90) percent of total funding and this condition is predicted to subsist. It has therefore become imperative for SALGA to review its own sustainability while responding to its legislated mandate and this means being in the forefront to driving implementation of cutting-edge solutions, developing common approaches that cut costs and benefit the whole of the sector through and improve service delivery.

The approach that SALGA is taking towards the expansion of its revenue sources with the view of creating diversifications is in line with international best practice. SALGA sister organizations in the world e.g., Canada, United Kingdom, Australia etc. have long adopted solutions-provision to members as a way of funding their organizations and while simultaneously generating better value for members and addressing service delivery challenges. The South African local government landscape can greatly benefit from a highly professional, solution-provision SALGA. The area of procurement does not only present an opportunity of leveraging the economies of scale for the sector and individual members, but it also presents an opportunity to address some of the perennial problems that continue to be highlighted by the Auditor General of SA in her reports of municipalities regarding irregular and wasteful expenditure leading to adverse audit reports.

5. SALGA'S CONTEXT TO LOCAL GOVERNMENT CHALLENGES

Local government has just celebrated its twenty-five years of existence and twenty years of democratic local government. While there are several gains that the sector is celebrating, there are equally a few existing challenges that continues to distort the performance of local government. Further, COVID-19 has also brought in further challenges for local government.

SALGA has contextualized these into four interlinking challenges aligned to the current strategic plan:

5.1 Poor political leadership capacity and weak administrative management

A key outcome of the 2016 municipal elections is that two-thirds of the elected comprised new deployees to the sector. This huge leadership change resulted in a loss of institutional memory and imposed a need for escalated induction and other training/capacity-building programmes.

Despite numerous interventions to increase the capacity of councilors in the first four years of the term of office, the gaps are blatant, and the recent developments around Covid-19 have further exposed serious weaknesses in the leadership of many councilors. Every five years,

the high turn-around in local government, exacerbated by lack of proper screening of candidates, sets the sector back in terms of leadership, governance, and oversight stability.

The Auditor-General's 2018/19 municipal audit outcomes confirms that mayors provide 25 per cent, municipal councils provide 26 per cent, and municipal public accounts committees (MPACs) provide 27 per cent independent assurance and oversight at the municipal level. Apart from the attempts made by opposition parties in councils, mayors have very little oversight over what happens in the municipal administration and, similarly, very little oversight by municipal councils over the mayor and mayoral committee or executive committee exists.

Further to this, the need for skilled mayors has become abundantly clear. To perform their function of interfacing with the administration, they must have the necessary knowledge to understand the roles and responsibilities of the municipal manager and the skills to ensure that they are complied with.

At a structural level, whereas almost all municipalities have established MPACs, in most instances, under-capacitated, under-resourced, junior councilors are deployed to lead them, and most of their oversight recommendations have no binding effect with very little to no follow-through or execution. The MPACs do not carry the weight of SCOPA, hence they have not been able to refer their findings to investigative agencies, table forensic reports or hold the executive leadership of the municipality accountable. By and large, they have tended to be partisan and have lost their strategic intent and significance. Parliament is currently processing an amendment to the Municipal Structures Act that aims to legislate the role of MPACs.

Over the past four years, SALGA has developed and implemented several programmes to capacitate councilors and ensure improved leadership in local government; however, barriers to success remain. These barriers can only be overcome through solid leadership. A collective will should be established to enact moral and intellectual leadership. Unfortunately, political leadership in South Africa is risk-averse which tends to block innovation. The old traditional ways of government leadership were embedded in command and control. In the digitized era, this type of leadership does not hold given the knowledge to which all public actors and communities are exposed. Incremental forms of leadership are associated with knowledge, learning and innovation, emphasizing strategic leadership, creative decision-making, performance measurement, and management. This does not hold for political leaders only; administrative leaders often hide behind legislation, by-laws, and policies, making developmental local government extremely difficult.

Leadership at both ends need to tap into innovative ideas and different opinions at different levels of the organization. It is time for leaders to see their role as facilitators instead of sovereign decision-makers. Local government leaders are not the guardians of "scientific" truth (Torfing, 2016) and should allow professional input into these processes. Culture also has surpassed transactional and transformational leadership. Today's effective leaders are co-producers, facilitators, and catalysts in the process of ideation and participation. Ideas are thus created through participation that ensures support in how to get there. Diverse engagement is needed in these times and paces a learning culture. Citizens across the spectrum are losing respect for political leaders as failing their aspirations, as they have lost appetite to participate in public participation processes. Today we need leadership that lead and manage others to lead themselves.

The Constitution vests legislative and executive authority in the municipal council, and the

effective exercise of these functions is crucial for capable and developmental local governance. As the highest decision-making body, the council must steer the municipality, determine its strategic direction, and take crucial decisions. In coalitions, this requires close cooperation between coalition partners to ensure that the responsibilities of the council are carried out effectively. However, in practice, coalition governments have often been unstable and terminated before the end of the council term. Instability in a local coalition can have a severe impact as it may compromise the municipality's ability to adopt policies and by-laws, make senior management appointments, or even adopt a budget. Coalition instability ultimately compromises the municipal administration's ability to deliver on its mandate.

The first local government elections (LGEs) produced 29 hung councils. This increased to 31 (including the City of Cape Town) in the 2006 LGEs, before peaking to 37 hung councils in the 2011 elections. The 2016 LGEs produced the least (27) hung councils. However, this was the first time that four of the eight metropolitan councils produced hung councils in the cities of Johannesburg, Ekurhuleni, Nelson Mandela Bay, and Tshwane.

Coalition governments have often been unstable and terminated before the end of the term (i.e., Nelson Mandela Bay Metro has had three different coalition governments since 2016). The instability in coalition can have a severe impact as it may compromise the municipality's ability to adopt policies and by-laws, make senior management appointments, or even adopt a budget, as well as compromising the municipal administration's ability to deliver services to local communities.

The non-standardization of the recruitment-to-retirement processes for municipal staff continues to project a fragmented approach, leading to insufficient capacity to discharge the mandate of local government. This relates to the pre-recruitment during hiring.

5.2 Ineffective utilization of financial resources

The local government equitable share formula introduced in 2005/06 still uses the same principles and objectives developed in 1998/99. Section 214 of the Constitution says: "An Act of Parliament must provide for the equitable division of revenue raised nationally among the national, provincial and local spheres of government" and "any other allocations to provinces, local government or municipalities from the national government's share of that revenue, and any conditions on which those allocations may be made". The current system of Division of Revenue is not economically efficient nor conducive to labor-intensive economic growth. Municipalities do not have access to adequate sources of revenue to enable them to carry out the function assigned to them. All people should have access to essential services as a minimum condition to ensure social sustainability.

Local government cannot "do more with less" if the finances as input are not aligned to a results-based methodology. If business processes are not re-engineered and projects not prioritized, local government cannot become efficient, effective, and economic. This is the case for all categories of municipalities. Financial accountability to manage the available resources cannot be measured if planning and monitoring principles are not implemented. Proper financial controls in some instances do not exist.

Although sound billing systems exist, local government does not have the means to step in to address low revenue collection. The current reality is that the ballooning outstanding debt from government, business, and residents, resulting in over R230.7 billion (as of November 2021) debt owed to municipalities (gross debtors, interest growth), is crippling municipalities and therefore delays the provision of service to the communities. Metropolitan municipalities are

owed R115.4 billion, up from R111.2 billion in the second quarter of 2020/21. Households in metropolitan areas account for R84.2 billion or 73 per cent of outstanding debt, followed by businesses that account for R25.6 billion or 22.2 per cent and debt owed by organs of state at R5.0 billion or 4.4 per cent of the total outstanding debt owed to metros.

Similarly, municipalities owed their creditors R65.5 billion as of 31 March 2021, a decrease of R1.7 billion compared to the R67.3 billion reported in the second quarter of 2020/21. A political will need to be created to recover service delivery costs. Communities are thus unable to perform the role of “watcher” over municipal finances as political decisions in some instances are taken randomly based on inconsistent interest group pressure. The deemed corruption and nepotism at the local government level impacts investor confidence. Accounting for monies spent should thus be built into government processes that communities have greater insight into how the finances of the municipality are expended.

Alongside those municipalities that boast a relatively sound financial base, some municipalities are a going concern. In contrast, other municipalities, particularly in rural environments where local economic development is a mirage (due to historical, infrastructure or administrative challenges), resort to grants as a financial sustenance mechanism.

Rates and taxes continue to increase against the backdrop of declining household income in some serviced communities. This over-reliance on these poor communities results in growing consumer indebtedness and inability to pay for services leading to a consequent decline in revenue generation for municipalities. Furthermore, the general economic decline, fiscal constraints, and large-scale closure of business in towns, emerging from the deceleration in the mining, manufacturing, and agricultural sector output, is another contributor to the decline in the revenue base. Accordingly, there is a need to implement a differentiated approach and advance reforms to the intergovernmental fiscal and grant system to incentivize and enable better management of the urban system, rural/regional economies, and targeted infrastructure funding to boost economic growth and competitiveness.

5.3 Inefficient and non-integrated Local Government delivery mechanisms, systems, and processes to enable service delivery.

Local governments do not follow a results-based planning process meaning that systems and processes are non-aligned. The IDPs are seldom developed through a cause-and-effect relationship that is taken through to an ideated plan overcoming constraints within the endeavor to take communities and citizens along. Public participation sessions are held, but the focus is more on the restrictions than on the solutions. Few IDPs have outcome indicators that are then cascaded into outputs into the SDBIP, and a clear linkage to the budget seldom exists. Although a link between Section 56 and 57 has been created into the performance plans, aligning the hierarchical structure is not compulsory. Measurement development is weak as it is merely an obligation instead of a developmental tool to enable creative decision-making.

Local government is also directed to by other organs of state instead of developing solutions with local government. Strategic planning sessions are mainly attended only by the Department of Co-operation and Government, where some other provincial departments will present and prescribe where facilities will be developed. Fundamental understanding of the needs is not adequately built into foresight planning. Municipalities often find themselves imposed on where the three spheres of government do not plan together. Institutionalized collaboration has not been transformed into the empowerment of actors into a positive arena of planning, development, and implementation.

The government is hierarchically organized, rule-governed, and compartmentalized, operated by professionals who subscribe to a particular set of methods and do not wish to be challenged by people with different and allegedly unconstitutional ideas and concepts (Torfing, 2016, p. 4). The adherence to bureaucratic rules and procedures, the lack of competition and bonus payments tend to stifle developmental government. South Africa is over-regulated, where government officials defend the status in fear of action taken against them. Therefore, most actors ignore the aggregate social phenomena that fail to account for the institutional and organizational conditions of socially unacceptable environments. The growth of public bureaucracies and an overload in a welfare state government are contrasted by the increased ungovernability of society. The government needs a de-institutionalization approach rather than more institutionalized processes.

The preamble on the characteristics of developmental local government in the White Paper stipulates that the powers and functions of the municipality should impact social development and economic growth, coordinate alignment between public and private investment, democratize development and empower marginalized communities (The South African Government, 1998) To enable this, integrated planning, performance monitoring and resource planning and implementation is a pre-requisite for successful developmental local government.

5.4 Degenerating infrastructure and non-existent or poor services provided to local communities.

All people should have access to essential services as a minimum condition to ensure social sustainability. The Constitution mandates the local government to ensure services to communities in a sustainable manner. Local government is the important point where services must be rendered, as the local municipality is the point of contact between the governor and the governed. The provision of services is thus a cardinal, if not the most important, the function of every municipality. If a municipality cannot or does not perform its service provision obligations, its existence is meaningless.

To effectively play a developmental role and improve performance with respect to service delivery, municipalities will need to develop at least three sets of new capacities: Strategic capacity to assess, plan, and develop innovative programmes to meet local needs. If municipalities are to meet service demands and make a significant contribution to social and economic development, they will have to become far more strategic in orientation.

5.5 Loyalty programmes

Municipal Debt has been escalating at an alarming rate. According to section 71 report released in June 2023, the aggregate municipal consumer debts amounted to R313.2 billion (compared to R255.4 billion reported in the fourth quarter of 2021/22). The government debt accounted for 5.6 per cent or R17.6 billion (R17.1 billion reported in the fourth quarter of 2021/22) of the total outstanding debtors). Comparable to the previous financial years, households still represent the largest component of debt owed to municipalities at 73.6 per cent or R230.5 billion (71.2 per cent or R181.8 billion in the fourth quarter of the previous financial year).

To this end, SALGA is collaborating with municipalities in exploring and implementing several interventions that are aimed at protecting and enhancing Municipal Revenue Collection. These include amongst others digital solutions, reduction of operational inefficiencies, monetization of infrastructure and through free Wi-Fi services. In supplementing these

interventions, SALGA is exploring the introduction of a Municipal Loyalty Programme (MLP)

The primary objective is to establish an incentive-based loyalty programme for the sector drawing from loyalty programmes managed by various sectors. In realizing the introduction of the Municipal Loyalty Programme, SALGA is reaching out to the market to invite service providers and or entities that have designed and managed loyalty programme solutions for other sectors and importantly to explore the deployment of a loyalty programme for SALGA and or member municipalities. The implementation model of the programme could be further discussed with the service provider that would provide a win – win value add service solution for SALGA – Municipalities – Customers.

5.6 Cybersecurity

With the world of work changing since the Covid-19 pandemic the world of work has not been spared. The changing world of work increasingly requires people to digitize and work remotely meaning physical interaction is reduced while virtual platforms increase. All institutions have not been spared from cyber-attacks and municipalities have become even more vulnerable in this regard. SALGA is seeking based on the categories outlined below solutions that seek to mitigate and reduce cyber-attacks. Globally cyber security has become a concern as the world becomes data intensive, in the Country, legislation like POPIA has added more complexity for municipalities who traditionally hold personal data of people that requires protection.

5.7 Drones Technological Solutions

SALGA's objective and thrust are to become a Centre of Excellence and Innovation in the sector. To achieve this strategic thrust the organization ought to improve its value proposition to its members.

Municipalities are faced with major challenges in South Africa. Such includes but not limited to management of non-revenue water (NRW), Theft and Vandalism, Land Invasion, Asset Management. To this end SALGA Digital envisions to support member municipalities in solving some of these problems through introduction of innovative solutions. Key amongst interventions on SALGA radar is introducing Unmanned Aircraft (Drones) amongst other interventions in municipalities. SALGA has already engaged with the South African Civil Aviation Authority (SACAA) to deepen its understanding of the drone operating and licensing requirements.

Proposed scope of drone application

- a) Population Count
- b) Leak detection
- c) Spillages Identification
- d) Land Invasion and Management
- e) Disaster Management
- f) Asset Management
- g) Theft and Vandalism
- h) Road Infrastructure
- i) Population Count
- j) Infrastructure Project Management

GOVERNMENT

SALGA seeks to explore the opportunities of extending the current package of service offerings beyond core mandate areas with commercial services that are service delivery orientated. As a primary objective, the provision of Value-Added Services to municipalities is intended to improve service delivery and sustain such. The second objective is that through meaningful partnerships SALGA would be able to diversify its revenue streams through an agreed revenue sharing model with potential solution providers.

The successful solutions received will be placed in SALGA Product-Solutions-Catalogue after due processes wherein SALGA could explore, utilize, or deploy these solutions at municipalities.

In reviewing and improving SALGA's current services and performance the first strategic questions is:

- How the membership appreciates SALGA's current services, its achievements, to what extent these achievements,
- According to the members has there been a positive impact on daily local government operations and
- To what extent do we meet the needs and expectations of the members?

As service delivery related priorities for the future SALGA's leadership has identified the following:

- 'Reviewing and investigation on the package of service offerings that can be offered to members beyond core mandate areas.
- 'Innovatively explore the extraction of commercial value from brand SALGA for the benefits of members.

In effect of the above, SALGA shall drive a process of identifying services that are as close as possible to SALGA's core services (low image affect):

- Exploit and leverages the economies of scale for the sector through targeted areas where the sector could increase and improve its bargaining power in the purchasing space.
- Leveraging technology and innovation and the advent of 4IR that has put emphasis on Big Data and technologies like 'Blockchain' and its diversified benefits that could assist the sector.
- Are covering common member needs and have a pervasive element.
- Are demanded by specific groups within the membership (offer differentiation e.g., for metros, rural municipalities, local governments facing traditional leaders, etc.)
- Include controllable financial and entrepreneurial risks.
- Require a minimum of initial investments but result in big impact on delivery.
- Offer concrete additional income generating perspectives and cost efficiencies for SALGA and the member municipalities.
- Fit in the 'best deal approach'.

7. SCOPE OF SERVICES

- i. SALGA seeks to request proposals for solutions from various service providers with the aim of deploying these in the local government sector to resolve pressing challenges in the sector that impede service delivery and improve operational efficiencies.
- ii. The primary purpose of sourcing these solutions is to address the service delivery challenges and opportunities and package these solutions into viable to both earn revenue for SALGA and assist in solving the challenges of municipalities in the sector.
- iii. The secondary objective is to partner with these solutions providers on a revenue share basis and/or commercial basis with SALGA.
- iv. The approved solutions would be onboarded on the SALGA database of preferred solutions for introduction and/or implementation in municipalities.

In responding to this process, the service providers must in summary, (in not more than two pages)-

- v. Clearly describe the problem in local government/SALGA that hinders effective service delivery which their solution seeks to resolve (or opportunities that can be exploited on to improve service delivery). Potential problems/opportunities must not be limited to SALGA's 6-pillar-mandate.
- vi. Clearly outline how the proposed solution(s) will resolve the identified problem.
- vii. Including a situational analysis of the identified problem (i.e., technical, legal, and financial aspects); and
- viii. Demonstrate the solutions completeness, readiness for deployment, and/or evidence of completed implementations.
- ix. Indicate piloting opportunities of the solution(s) and propose a model for such

To assess the responses, a phased approach has been agreed upon. Service providers are implored to familiarize themselves with the evaluation criteria and ensure that their proposals address all relevant evaluation criterion areas. Where a criterion is not applicable, like in the case of a patent, this must be stated upfront, and any market advantage indicated/ explained if it exists. The following is the minimum listing of category areas in which the solutions sought could be categorized: **Service Provider must indicate in which category their category belongs.** SALGA reserves the right to evaluate or not to evaluate any solution that falls out of the criteria below or solutions that have not been categorized.

No.	Product Category
1	Operational Efficiency Tech Solutions
2	Revenue Enhancement Solutions (Energy, Water, Solid Waste, Rates e.tc.)
3	Digital and Data Solutions
4	Data Archiving Solutions
5	Financial Management and Procurement Solutions
6	Energy Solutions
7	Water and Sanitation Solutions
8	Theft and Vandalism of Municipal Infrastructure
9	Loyalty Programme

10	Cybersecurity Solutions
11	Human Settlements
12	Drones Technological Solutions
13	Connectivity and Communications Products
14	Artificial Intelligence (AI) /Internet of things

SALGA in this expression of interest requires Products and this expression of interest is not for any consultancy(people hours) or advisory services in any way whatsoever and tenders that exhibit pure consultancy services (non-products) will be immediately disqualified.

8. RESPONDENT REQUIREMENTS

The Respondent will be expected to demonstrate technical ability and capacity to undertake an assignment of this complexity.

Minimum requirements

The following requirements are crucial -under the above scope of service:

- a) Comprehensive Company profile with emphasis on the solution that is being proposed.

9. APPOINTMENT, COMMENCEMENT AND DURATION

The appointed Respondent is anticipated to commence the work upon appointment **on an as-and-when required basis over a three-year period, with an option to extend for a further two years.**

Acceptance of any proposal does not mean that work is guaranteed for the duration of the contract.

10. INSTRUCTION TO RESPONDENTS

10.1 General Instructions

This document constitutes a Request for Proposal (RFP), which specifies SALGA's requirements for the request for expression of interest: proposals for innovation and solutions to improve service delivery within local government. The information contained herein provides a format to facilitate Respondent's responses to this RFP. It is important that the format be followed closely to help maintain the decision-making. Responses must be presented in the same order as the requirements appear, section by section, and numbered accordingly, with acknowledgement of all clauses. All pricing information should be fully disclosed with all charges clearly defined, i.e., a per unit fee based on activity.

10.2 Terms of Contract

This expression of interest is geared towards creating a panel of service providers through the vetting of their solutions being placed in a SALGA catalogue of products. Upon finalization of the process with the successful respondents SALGA will conclude a Service Level Agreement with the service provider wherein the duration of the contract will be finalized. In the event that municipalities procure from the said SALGA catalogue, further contractual engagements will be concluded among SALGA, the Respondent (Solution Provider) and a Municipality.

10,4 Questions during Proposal Process

Any enquiries regarding this RFP should be directed to **Lucky Nkomo**, Senior Buyer: SCM at scm@salga.org.za, located at the SALGA National Office – 012 369 8000. Questions will only be taken up to four days prior the closing date.

Respondents finding apparent discrepancies or omissions in the RFP should notify Senior: Supply Chain Management at scm@salga.org.za at once. Respondents may during the bidding period, be advised by Addenda, of any additions, clarifications, deletions, or alterations to these specifications. All such changes should be covered by the Respondent's proposal. Information used in the preparation of a proposal from other than this RFP and any written addenda (considered as the proposal documents) will not be considered as valid or official.

No further addenda will be issued by SALGA after 11:00 am, **seven** business days prior to RFP closing without providing an extension of time.

10.5 Submission of Proposal

Submit one original of the proposal together with an electronic version in a USB memory stick, in sealed opaque envelope/ box and clearly marked RFP Response –**SALGA 14/2023: REQUEST FOR EXPRESSION OF INTEREST: PROPOSALS OF INNOVATION AND SOLUTIONS TO IMPROVE SERVICE DELIVERY WITHIN LOCAL GOVERNMENT**

Physical address:

*South African Local Government Association (SALGA)
Menlyn Corporate Park
Block B; 175 Corobay Avenue
Corner Garsfontein & Corobay Avenue
Waterkloof Glen ext. 11
PRETORIA
0181*

Attention: Mr. Lucky Nkomo

Senior Buyer: SCM

- i. Proposals will be received at the reception desk on the first floor, during regular business hours only, up to 11h00 am on the closing date. Late submissions will not be accepted.
- ii. Respondents remain solely responsible for the method of conveyance of their proposal to the receiving point. Fax transmissions or any other electronic communications are not acceptable.
- iii. SALGA will not be responsible for any costs incurred by the Respondents associated with the preparation of responses to the Expression of interest.
- iv. Proposals received past the time stated above will not be considered and will be returned to the Respondent unopened.
- v. Proposals will be opened in public.
- vi. All proposals will remain in force and will be irrevocable for **hundred and twenty days** after the proposal closing. SALGA may at its own discretion extend this period and may inform Respondents of such extension.
- vii. SALGA is not obliged to inform Respondents that are unsuccessful that their proposals/proposal have not been accepted.
- viii. This EOI is an Expression of Interest only and not an offer document. Answers to this EOI must not be construed as acceptance of an offer or imply the existence of a contract between the parties. By submission of its proposal, Respondents shall be deemed to have satisfied themselves with and to have accepted all Terms & Conditions of this EOI. The SALGA makes no representation, warranty, assurance, guarantee or endorsements to Respondent concerning the EOI, whether regarding its accuracy, completeness or otherwise and the SALGA shall have no liability towards the Respondent or any other party in connection therewith.

10.6 Contract Award

SALGA reserves the right to accept any proposal submitted, or to also reject all proposals.

Any proposal submitted, that is not in complete compliance with the requirements of the proposal documents may be accepted or disqualified, at the discretion of SALGA.

10.7 Termination of Contract

SALGA reserves the right to terminate the agreement with 30 days written notice to the winning Respondent subject to the following:

10.7.1 the winning Respondent fails to perform in accordance with the specified service requirements as set out in the Expression of interest.

10.7.2 the winning Respondent fails to provide project deliverables as defined **above** without written explanation.

10.7.3 the winning Respondent otherwise violates the provisions of the Expression of interest to a substantial degree.

10.8 Liability

SALGA will not be held liable for any actions of the winning Respondent and/or its employees.

10.9 Important Dates

- **20 November 2023** – Briefing session(Will be held Virtually on Microsoft Teams)
- **24 November 2023** – Last date/opportunity for questions or request clarity via email
- **08 December 2023** – Expression of interest closing date due at 11:00 am.

11. CONDITIONS OF EXPRESSION OF INTEREST (FAILURE TO MEET ANY OF THE REQUIREMENTS BELOW MAY RENDER YOUR PROPOSAL NON-RESPONSIVE)

- a. The requirement for content of the project proposal section below outlines the information that must be included in proposal offers. **Failure to provide all or part of the information may result in your proposal being excluded from the evaluation process.**
- b. 11.2 A contract will be signed with the appointed Respondent.
- c. 11.3 The Respondent will be required to sign confidentiality and indemnity agreements with SALGA.
- d. 11.4 SALGA may at its own discretion vary an instruction to include more work.
- e. 11.5 Failure to comply with any condition of this request for a proposal will invalidate respective expression of interest proposal.
- f. 11.6 In the event that any conflict of interest is discovered during the assignment, SALGA reserves the right to summarily cancel the agreement and demand that all the information, documents and property of SALGA be returned forthwith.
- g. 11.7 SALGA reserves the right to request new or additional information regarding each Respondent and any individual or other persons associated with its project proposal.
- h. 11.8 Respondents shall not make available or disclose details pertaining to their project proposal with anyone not specifically involved, unless authorized to do so by SALGA.
- i. 11.9 Respondents shall not issue any press release, social media or other public announcement pertaining to the details of their project without the prior written approval of SALGA.
- j. Respondents are required to declare any conflict of interest they may have in the transaction for which the proposal is submitted or any potential conflict of interest. SALGA reserves the right not to consider further any proposal where such a conflict of interest exists or where such potential conflict of interest may arise.
- k. 8.11 The proposal offers and proposals should be valid and open for acceptance by SALGA for a period of 120 days from the date of submission.
- l. 8.12 Respondents are advised that submission of a project proposal gives rise to no contractual obligations on the part of SALGA.
- m. 8.13 Disputes that may arise between SALGA and a Respondent must be settled by means of mutual consultation, mediation (with or without legal representation) or, when unsuccessful, in a South African court of law.
- n. 8.14 In addition to adherence to the specific terms and conditions of proposals, provided in this document, the Respondent shall be bound by the provisions of the

General Conditions of Contract attached hereto, an originally signed copy of which must be submitted together with all other proposal documentation.

- o. 8.15 All returnable proposal documents must be completed in full and submitted together with the Respondent's proposal.
- p. 8.16 SALGA will not be liable for costs incurred during the site visits or any other cost related to the submission of the proposal.
- q. 8.17 Completion of the Standard Bidding Documents stated herein below is **mandatory**, failure to do so **may** render your proposal offer invalid.

12. Standard Bidding Forms

12.1. Invitation to bid.

Form SBD 1 – Respondents must complete this document in full. They must be completed on the original and signed.

12.2. Declaration of Interest

Form SBD 4 - Respondents must complete this document in full. They must be completed on the original and signed.

12.3. Preference Points Claim form.

Form SBD 6.1 - Respondents must complete this document in full, special attention must be given to section 8 and 9. They must be completed on the original and signed.

13. PRE-EVALUATION CRITERIA

The pre-evaluation criteria will be designed in three different stages to allow for a screening process prior to the functionality evaluation and the approval process.

13.1 Stage 1: Screening

- Compliance assessment
 - o Alignment of the proposal to the TOR requirements
- All proposals will be assessed to ensure that they fully comply with the requirements as outlined in the Terms of Reference.

Criteria	Yes/No	Reference to page number in the proposal
1. Proposed revenue sharing model between SALGA and the Respondent.		

Clearly outlined revenue share percentages figures		
2. Product/technological solution offered (Pure Consultancy services will be disqualified i.e person hours)		
2. The company profile – Clearly provide details of the company and ownership		
3. No more than a Two-Pager on the problem identified on local government how your proposed solution can resolve the challenge identified		
4. The company experience in the field – clear indication of how long the company has been in existence and how long has the company utilized/developed the proposed Solution		
5. Category of the proposed solution based on the listing provided in this EOI clearly identified		
6. The novelty and potential of solution clearly explained on how it can assist local government		

The above requirement **must** be stated upfront in the document and clearly titled using the table above. Documents that are not clearly titled based on the above screening requirements **will be disqualified** and thus not proceed to the next stage of presentation to the SALGA Product and Development Committee for Evaluation based on this Expression of Interest (EOI).

- Compliance with all SCM processes
The company meets all the SCM legislative requirements as outlined in the proposal document.

13.2 Stage 2: Panel, Presentation, and Evaluation criteria

Firstly, the assessment of functionality will be done in terms of the evaluation criteria and the minimum threshold value of 70 points. A proposal will be disqualified if it fails to meet the minimum threshold value for functionality as per the proposal invitation.

A Proposal Evaluation Committee will review and evaluate the proposals. Respondents will be invited to present their proposal for the purpose of providing clarification and answers to questions by the committee. If presentations are necessary, they will be made on the date, time, and location to be confirmed.

A recommendation for the awarding of the contract will be made at the meeting of the Bid Adjudication Committee to be confirmed, where applicable.

For functionality, the following criteria will be applicable and the maximum value of points breakdown for each criterion using these scale level descriptors:

SCALE LEVEL DESCRIPTIONS	RATING
No relevant response or information given to enable evaluation	0
Very poor response based on expected standard	1
Poor response based on expected standard	2

Average response based on expected standard	3
Good response based on expected standard	4
Excellent response based on expected standard	5

Criteria	Points Allocation
<p>1. The product/solution addresses the relevant and practical challenges/needs faced by the Local Government Sector clearly stating the challenge being addressed.</p> <p>5 = Practical challenges faced by the sector are clearly and comprehensively outlined with practical examples being cited and located to specific areas. And linkage in provided how this solution will address these challenges.</p> <p>4 = Practical challenges faced by the sector are clearly and comprehensively outlined with practical examples being cited and located to specific areas</p> <p>3 = Some challenges faced by the sector which could possibly be resolved by the solution are identified with conceptual linkages</p> <p>2 = Minimal challenges identified with minimal or no linkages</p> <p>1 = No challenges identified</p>	30
<p>2. The product/solution has been allocated to in the categories outlined in the proposal document.</p> <p>5 = Allocation made to a category or categories where the product is applicable with practical challenges faced by the sector are clearly and comprehensively outlined with practical examples being cited and located to specific areas.</p> <p>4 = Allocation made to a category or categories where the product is applicable with practical challenges faced by the sector are clearly and comprehensively outlined.</p> <p>3 = Some allocation is made although it does not perfectly fit the category assigned to.</p> <p>2 = Incorrect allocation of a solution to a category or random application of the solutions all categories.</p> <p>1 = No allocation made</p>	10

<p>3. The product/solution is new to the market, the local government sector and ground-breaking in nature.</p> <p>5 = The product is new and has not been used in the sector or used in a very limited and its introduction has the probability of significantly adding value in the sector.</p> <p>4 = The product has been used in the sector however it has been significantly tweaked to respond more to challenges of the sector.</p> <p>3 = The product is already in sector and used with good returns that could be further extended for better reach.</p> <p>2 = The product is not a new product and is already deployed in the sector</p> <p>1 = Product not utilized in the sector</p> <p>Letters of reference and evaluation of clients of the products is already deployed in the sector will be advantageous in the above point allocation and Respondents are encouraged to procure such testimonials where they exist.</p>	<p>20</p>
<p>4. The product/solution is a subject of a patent or copyright or a subject of any immaterial property right. Provide details.</p> <p>5 = Is the solution/ product a subject of an issued patent whether is SA or internationally.</p> <p>4 = Is the solution in the process of acquiring a patent and with some protection pending such a process. Clearly outlining where the process is in the proposal document.</p> <p>3 = The solution/product is subjected to some form of immaterial propriety applicable to the solution although not an issued patent clearly described in the proposal document. Or some of competitive protection through licensing of any sort.</p> <p>2 = No patent or immaterial property protection /product still novel</p> <p>1 = Product not novel</p>	<p>10</p>

<p>5. What level of Human Resources does it take to implement the product/solution or to operationalize?</p> <p>5 = No human resources will be required as the solution is based on automation and as such will not require a huge number of Human resources to operate.</p> <p>4 = Minimal human intervention will be required to operationalize the solution. E.g., less than 50 people.</p> <p>3 = Some human will continuously be required from the side of the customers to ensure the solution effectively operates. E.g., 50 people or more.</p> <p>2 = The solution cannot operate without huge investment of human resources from the side of the customer to ensure that the solutions operate as intended. E.g., above 100 people</p> <p>1 = No score will be allocated at this level</p>	10
<p>6. Is the product/solution, a South African product/solution or is it designed/manufactured elsewhere?</p> <p>5 = The solution is fully developed and owned by South Africans.</p> <p>4 = The solution is imported but fully owned/bought by South Africans and not developed in South Africa.</p> <p>3 = The solution is not South African but licensed to a South African company.</p> <p>2 = No South African ownership/license</p> <p>1 = Foreign ownership</p>	20
<p>Total for Functionality</p>	100
<p>Threshold</p>	70

14 GENERAL CONDITIONS

The following should be noted by interested parties:

- No information concerning the expression of interest or award of the proposal may not be made available by the Respondent to other parties without prior consultation and written approval from SALGA.
- SALGA may at its own discretion vary this instruction to include more scope / work or to exclude work/service areas. In the case of the latter, the Respondent shall not be entitled to claim for any work not required and may engage SALGA on the pricing of the additional work/ service proposed.
- SALGAs (general conditions of proposal, contract, and order) shall be applicable to this proposal.
- SALGA reserves the right not to award the proposal to any Respondent at its own discretion.
- Materials and products may not be made available to any unauthorized person or institution or sold for profit without prior written consent from SALGA.
- On completion or termination of the agreement, all materials and products developed during the engagement with SALGA, on SALGA resources/funds must be handed over to SALGA.

- No information concerning this expression of interest or award of the proposal may be made available by the Respondent to other parties without prior consultation and written approval from SALGA.
- All copyright and intellectual property rights that are generated using SALGA fund shall reside with SAGA. Pre-existing and self-funded intellectual property of external service providers participating in this tender shall remain the property of the Respondents.
- SALGA may dictate the framework in which documents (policies, plans, report etc.) shall be submitted; the Respondent should follow the prescribed layout in this expression of interest for submission of their proposal.
- The Respondent shall be required to conclude and sign a Service Level Agreement (SLA) after the appointment. The Respondent will further be required to be part of the SLA that will include the municipality or party that is keen to use the solution as evaluated and awarded based on this expression of interest.
- SALGA reserves the right not to award the proposal to any Respondent at its own discretion.
- SALGA is not obliged to communicate with Respondents who are not successful based on this expression of interest.
- Respondents whose solutions are finally considered will be formally engaged by SALGA.

REVIEWED BY CHAIRPERSON: BID SPECIFICATION COMMITTEE

PART A INVITATION TO BID

YOU ARE HEREBY INVITED TO BID FOR REQUIREMENTS OF THE (NAME OF DEPARTMENT/ PUBLIC ENTITY)					
BID NUMBER:	SALGA 14/2023	CLOSING DATE:	08 December 2023	CLOSING TIME:	11:00
DESCRIPTION	REQUEST FOR EXPRESSION OF INTEREST: REQUEST FOR EXPRESSION OF INTEREST: PROPOSALS OF INNOVATION AND SOLUTIONS TO IMPROVE SERVICE DELIVERY WITHIN LOCAL GOVERNMENT				
BIDDING PROCEDURE ENQUIRIES MAY BE DIRECTED TO			TECHNICAL ENQUIRIES MAY BE DIRECTED TO:		
CONTACT PERSON		CONTACT PERSON			
TELEPHONE NUMBER		TELEPHONE NUMBER			
FACSIMILE NUMBER		FACSIMILE NUMBER			
E-MAIL ADDRESS		E-MAIL ADDRESS			
SUPPLIER INFORMATION					
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
[AN UPDATED CSD REPORT MUST BE SUBMITTED IN ORDER TO QUALIFY FOR SPECIFIC GOALS AT PPPFA EVALUATION					
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]
QUESTIONNAIRE TO BIDDING FOREIGN SUPPLIERS					
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?				<input type="checkbox"/> YES <input type="checkbox"/> NO	
DOES THE ENTITY HAVE A PERMANENT ESTABLISHMENT IN THE RSA?				<input type="checkbox"/> YES <input type="checkbox"/> NO	
DOES THE ENTITY HAVE ANY SOURCE OF INCOME IN THE RSA?				<input type="checkbox"/> YES <input type="checkbox"/> NO	
IS THE ENTITY LIABLE IN THE RSA FOR ANY FORM OF TAXATION?				<input type="checkbox"/> YES <input type="checkbox"/> 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**

1. BID SUBMISSION:
<p>1.1. BIDS MUST BE DELIVERED BY THE STIPULATED TIME TO THE CORRECT ADDRESS. LATE BIDS WILL NOT BE ACCEPTED FOR CONSIDERATION.</p> <p>1.2. ALL BIDS MUST BE SUBMITTED ON THE OFFICIAL FORMS PROVIDED-(NOT TO BE RE-TYPED) OR IN THE MANNER PRESCRIBED IN THE BID DOCUMENT.</p> <p>1.3. 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.</p> <p>1.4. THE SUCCESSFUL BIDDER WILL BE REQUIRED TO FILL IN AND SIGN A WRITTEN CONTRACT FORM (SBD7).</p>

2. TAX COMPLIANCE REQUIREMENTS
<p>2.1 BIDDERS MUST ENSURE COMPLIANCE WITH THEIR TAX OBLIGATIONS.</p> <p>2.2 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.</p> <p>2.3 APPLICATION FOR TAX COMPLIANCE STATUS (TCS) PIN MAY BE MADE VIA E-FILING THROUGH THE SARS WEBSITE WWW.SARS.GOV.ZA.</p> <p>2.4 BIDDERS MAY ALSO SUBMIT A PRINTED TCS CERTIFICATE TOGETHER WITH THE BID.</p> <p>2.5 IN BIDS WHERE CONSORTIA / JOINT VENTURES / SUB-CONTRACTORS ARE INVOLVED; EACH PARTY MUST SUBMIT A SEPARATE TCS CERTIFICATE / PIN / CSD NUMBER.</p> <p>2.6 WHERE NO TCS PIN IS AVAILABLE BUT THE BIDDER IS REGISTERED ON THE CENTRAL SUPPLIER DATABASE (CSD), A CSD NUMBER MUST BE PROVIDED.</p> <p>2.7 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."</p>

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:

BIDDER'S DISCLOSURE

1. PURPOSE OF THE FORM

Any person (natural or juristic) may make an offer or offers in terms of this invitation to bid. In line with the principles of transparency, accountability, impartiality, and ethics as enshrined in the Constitution of the Republic of South Africa and further expressed in various pieces of legislation, it is required for the bidder to make this declaration in respect of the details required hereunder.

Where a person/s are listed in the Register for Tender Defaulters and / or the List of Restricted Suppliers, that person will automatically be disqualified from the bid process.

2. Bidder's declaration

2.1 Is the bidder, or any of its directors / trustees / shareholders / members / partners or any person having a controlling interest¹ in the enterprise, employed by the state? **YES/NO**

2.1.1 If so, furnish particulars of the names, individual identity numbers, and, if applicable, state employee numbers of sole proprietor/ directors / trustees / shareholders / members/ partners or any person having a controlling interest in the enterprise, in table below.

Full Name	Identity Number	Name of State institution

2.2 Do you, or any person connected with the bidder, have a relationship

¹ the power, by one person or a group of persons holding the majority of the equity of an enterprise, alternatively, the person/s having the deciding vote or power to influence or to direct the course and decisions of the enterprise.

with any person who is employed by the procuring institution? **YES/NO**

2.2.1 If so, furnish particulars:

.....
.....

2.3 Does the bidder or any of its directors / trustees / shareholders / members / partners or any person having a controlling interest in the enterprise have any interest in any other related enterprise whether or not they are bidding for this contract? **YES/NO**

2.3.1 If so, furnish particulars:

.....
.....

3 DECLARATION

I, _____ the _____ undersigned, (name)..... in submitting the accompanying bid, do hereby make the following statements that I certify to be true and complete in every respect:

- 3.1 I have read and I understand the contents of this disclosure;
- 3.2 I understand that the accompanying bid will be disqualified if this disclosure is found not to be true and complete in every respect;
- 3.3 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 consortium² will not be construed as collusive bidding.
- 3.4 In addition, there have been no consultations, communications, agreements or arrangements with any competitor regarding the quality, quantity, specifications, prices, including methods, factors or formulas used to calculate prices, market allocation, the intention or decision to submit or not to submit the bid, bidding with the intention not to win the bid and conditions or delivery particulars of the products or services to which this bid invitation relates.
- 3.4 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.
- 3.5 There have been no consultations, communications, agreements or arrangements made by the bidder with any official of the procuring

² 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.

institution in relation to this procurement process prior to and during the bidding process except to provide clarification on the bid submitted where so required by the institution; and the bidder was not involved in the drafting of the specifications or terms of reference for this bid.

- 3.6 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.

I CERTIFY THAT THE INFORMATION FURNISHED IN PARAGRAPHS 1, 2 and 3 ABOVE IS CORRECT.

I ACCEPT THAT THE STATE MAY REJECT THE BID OR ACT AGAINST ME IN TERMS OF PARAGRAPH 6 OF PFMA SCM INSTRUCTION 03 OF 2021/22 ON PREVENTING AND COMBATING ABUSE IN THE SUPPLY CHAIN MANAGEMENT SYSTEM SHOULD THIS DECLARATION PROVE TO BE FALSE.

.....
Signature Date

.....
Position Name of bidder

PREFERENCE POINTS CLAIM FORM IN TERMS OF THE PREFERENTIAL PROCUREMENT REGULATIONS 2022

This preference form must form part of all tenders invited. It contains general information and serves as a claim form for preference points for specific goals.

NB: BEFORE COMPLETING THIS FORM, TENDERERS MUST STUDY THE GENERAL CONDITIONS, DEFINITIONS AND DIRECTIVES APPLICABLE IN RESPECT OF THE TENDER AND PREFERENTIAL PROCUREMENT REGULATIONS, 2022

1. GENERAL CONDITIONS

1.1 The following preference point systems are applicable to invitations to tender:

- 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).

1.2 **To be completed by the organ of state**

(delete whichever is not applicable for this tender).

- a) The applicable preference point system for this tender is the **90/10** preference point system.
- b) The applicable preference point system for this tender is the **80/20** preference point system.
- c) Either the **90/10 or 80/20 preference point system** will be applicable in this tender. The lowest/ highest acceptable tender will be used to determine the accurate system once tenders are received.

1.3 Points for this tender (even in the case of a tender for income-generating contracts) shall be awarded for:

- (a) Price; and
- (b) Specific Goals.

1.4 **To be completed by the organ of state:**

The maximum points for this tender are allocated as follows:

B-BBEE Status Level of Contributor	Number of points (80/20 system)	Number of points (90/10 system)
1	10	5
2	9	4
3	7	3

4	6	2
5	4	1
6	3	0
7	2	0
8	1	0
Specific Goals		
SMME's	4	4
100% Black Women owned	3	3
100 % Youth	3	3
Total Points	20	10

- 1.5 Failure on the part of a tenderer to submit proof or documentation required in terms of this tender to claim points for specific goals with the tender, will be interpreted to mean that preference points for specific goals are not claimed.
- 1.6 The organ of state reserves the right to require of a tenderer, either before a tender is adjudicated or at any time subsequently, to substantiate any claim in regard to preferences, in any manner required by the organ of state.

2. DEFINITIONS

- (a) **“tender”** means a written offer in the form determined by an organ of state in response to an invitation to provide goods or services through price quotations, competitive tendering process or any other method envisaged in legislation;
- (b) **“price”** means an amount of money tendered for goods or services, and includes all applicable taxes less all unconditional discounts;
- (c) **“rand value”** means the total estimated value of a contract in Rand, calculated at the time of bid invitation, and includes all applicable taxes;
- (d) **“tender for income-generating contracts”** means a written offer in the form determined by an organ of state in response to an invitation for the origination of income-generating contracts through any method envisaged in legislation that will result in a legal agreement between the organ of state and a third party that produces revenue for the organ of state, and includes, but is not limited to, leasing and disposal of assets and concession contracts, excluding direct sales and disposal of assets through public auctions; and
- (e) **“the Act”** means the Preferential Procurement Policy Framework Act, 2000 (Act No. 5 of 2000).

3. FORMULAE FOR PROCUREMENT OF GOODS AND SERVICES

3.1. POINTS AWARDED FOR PRICE

3.1.1 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

$$Ps = 80 \left(1 - \frac{Pt - P_{min}}{P_{min}} \right) \text{ or } Ps = 90 \left(1 - \frac{Pt - P_{min}}{P_{min}} \right)$$

Where

Ps = Points scored for price of tender under consideration

Pt = Price of tender under consideration

Pmin = Price of lowest acceptable tender

3.2. FORMULAE FOR DISPOSAL OR LEASING OF STATE ASSETS AND INCOME GENERATING PROCUREMENT

3.2.1. POINTS AWARDED FOR PRICE

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

80/20 or 90/10

$$Ps = 80 \left(1 + \frac{Pt - P_{max}}{P_{max}} \right) \text{ or } Ps = 90 \left(1 + \frac{Pt - P_{max}}{P_{max}} \right)$$

Where

Ps = Points scored for price of tender under consideration

Pt = Price of tender under consideration

Pmax = Price of highest acceptable tender

4. POINTS AWARDED FOR SPECIFIC GOALS

4.1. In terms of Regulation 4(2); 5(2); 6(2) and 7(2) of the Preferential Procurement Regulations, preference points must be awarded for specific goals stated in the tender. For the purposes of this tender the tenderer will be allocated points based on the goals stated in table 1 below as may be supported by proof/ documentation stated in the conditions of this tender:

4.2. In cases where organs of state intend to use Regulation 3(2) of the Regulations, which states that, if it is unclear whether the 80/20 or 90/10 preference point system applies, an organ of state must, in the tender documents, stipulate in the case of—

- (a) an invitation for tender for income-generating contracts, that either the 80/20 or 90/10 preference point system will apply and that the highest acceptable tender will be used to determine the applicable preference point system; or

(b) any other invitation for tender, that either the 80/20 or 90/10 preference point system will apply and that the lowest acceptable tender will be used to determine the applicable preference point system,

then the organ of state must indicate the points allocated for specific goals for both the 90/10 and 80/20 preference point system.

Table 1: Specific goals for the tender and points claimed are indicated per the table below.

(Note to organs of state: Where either the 90/10 or 80/20 preference point system is applicable, corresponding points must also be indicated as such.

Note to tenderers: The tenderer must indicate how they claim points for each preference point system.)

The specific goals allocated points in terms of this tender	Number of points allocated (90/10 system) (To be completed by the organ of state)	Number of points allocated (80/20 system) (To be completed by the organ of state)	Number of points claimed (90/10 system) (To be completed by the tenderer)	Number of points claimed (80/20 system) (To be completed by the tenderer)
SMME's	4	4		
100% Black Women owned	3	3		
100 % Youth	3	3		

DECLARATION WITH REGARD TO COMPANY/FIRM

4.3. Name of company/firm.....

4.4. Company registration number:

4.5. TYPE OF COMPANY/ FIRM

- Partnership/Joint Venture / Consortium
 - One-person business/sole propriety
 - Close corporation
 - Public Company
 - Personal Liability Company
 - (Pty) Limited
 - Non-Profit Company
 - State Owned Company
- [TICK APPLICABLE BOX]

4.6. I, the undersigned, who is duly authorised to do so on behalf of the company/firm, certify that the points claimed, based on the specific goals as advised in the tender, qualifies the company/ firm for the preference(s) shown and I acknowledge that:

- i) The information furnished is true and correct;
- ii) The preference points claimed are in accordance with the General Conditions as indicated in paragraph 1 of this form;
- iii) In the event of a contract being awarded as a result of points claimed as shown in paragraphs 1.4 and 4.2, the contractor may be required to furnish documentary proof to the satisfaction of the organ of state that the claims are correct;
- iv) If the specific goals have been claimed or obtained on a fraudulent basis or any of the conditions of contract have not been fulfilled, the organ of state may, in addition to any other remedy it may have –
 - (a) disqualify the person from the tendering process;
 - (b) recover costs, losses or damages it has incurred or suffered as a result of that person's conduct;
 - (c) 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;
 - (d) recommend that the tenderer or contractor, its shareholders and directors, or only the shareholders and directors who acted on a fraudulent basis, be restricted 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
 - (e) forward the matter for criminal prosecution, if deemed necessary.

..... SIGNATURE(S) OF TENDERER(S)	
SURNAME AND NAME:
DATE:
ADDRESS: