



# Industry Forum.

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## **LEVERAGING PROCUREMENT FOR INDUSTRIAL DEVELOPMENT AND JOB CREATION.**

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# Background

- **The NGP and IPAP identify the need to leverage public procurement, in combination with other policy instruments, to support local manufacturing, especially in value added, tradable and labour intensive industries.**

# Regulatory Progress

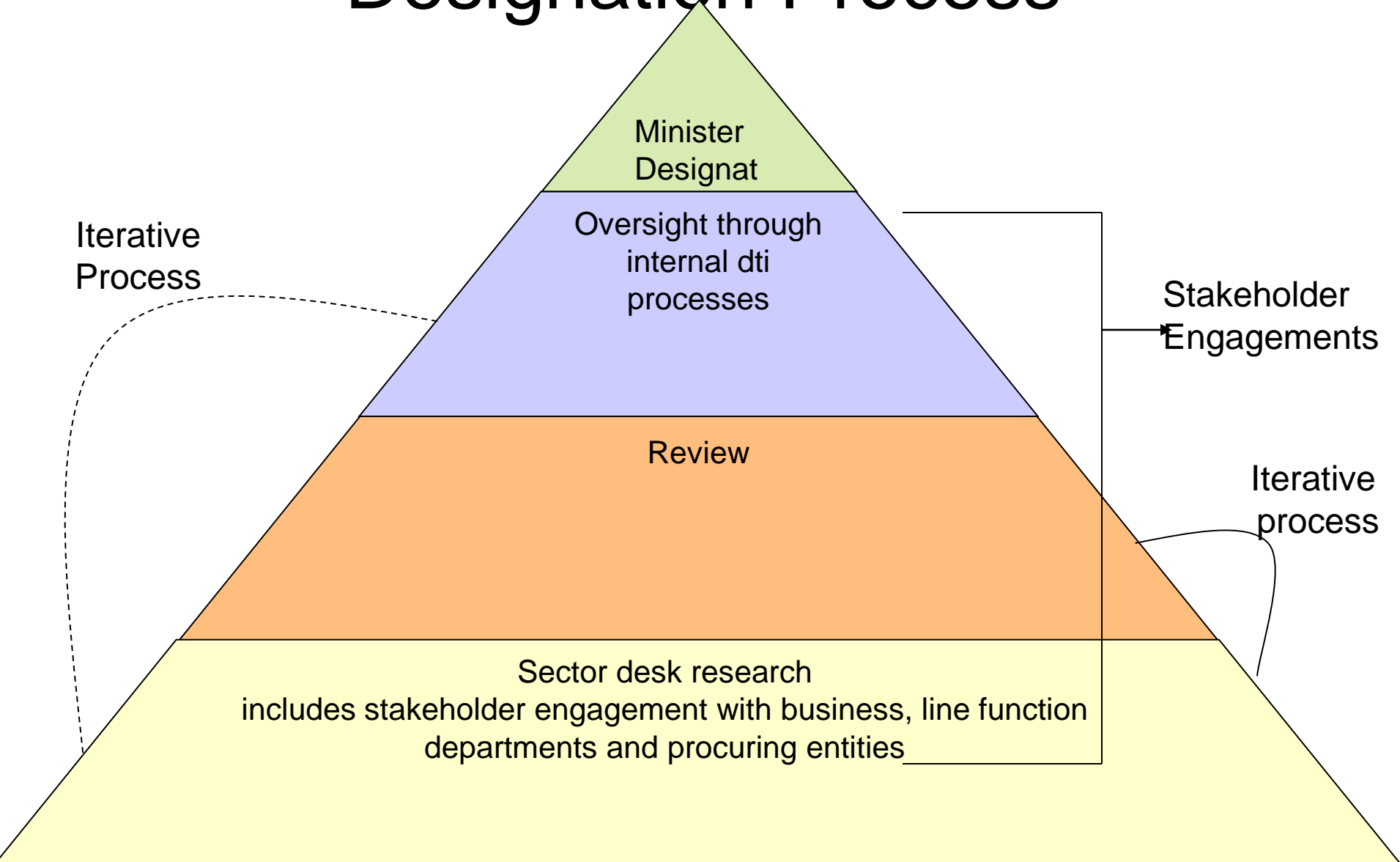
**Since the launch of IPAP2 in March 2011 the following regulatory progress has been registered:**

- **Amendments to the Regulations of the PPPFA promulgated by the National Treasury in June - effective from 7 December 2011.**
  - Enable designation by the dti for local procurement by all state entities and align the PPPFA with BBB-EE objectives.
  - Enable pro-active promotion of local procurement in non-designated sectors.
  - Designations will follow shortly in 2011 following comprehensive work by the dti with a focus on industry structure and competitive conditions and modalities to ensure maximum value for money for the state.
- **The publication of SATS 1286:201x for public comment**
  - Standardised approach to the calculation of and verification of local content

# Implementation Progress

- **It is envisioned that by 7<sup>th</sup> December Minister would have designated seven sectors, sub-sectors and products**
- **An indicative list of first phase sectors designation**
  - **Canned Vegetables**
  - **Buses**
  - **Rolling Stock**
  - **Power pylons**
  - **Set Top Boxes**
  - **Pharmaceuticals**
  - **Clothing, Textiles, Leather and Footwear**
- **An indicative list of second phase sector designations for the following year which will expand**
  - **Electric Cables, Yellow Metals, Office furniture, School furniture**

# Designation Process



# Designation Research Template

1. Significance of Public Procurement – Demand Analysis of state procurement
2. Industry Profile: Firm analysis, production, employment, trade, output etc
3. Impact of sector on jobs, output
4. Availability and Security of Supply – Domestic Capacity Analysis
5. Local Content
6. Competition and Price Issues
7. Recommendations and conditions

# Co-Commitments

- The intended impact of designation on re-industrialisation and job creation will be felt through stakeholder co-operation
- Two processes to lock in stakeholder co-operation
  - Sector specific co-commitments with business and labour led by **the dti**
  - Social Accord process led by EDD to tie in high level commitments from business, labour and community for local procurement and supplier development
- National Campaign by Proudly South Africa (PSA) to mobilise national support for localisation campaign

# Sector Specific Co-Commitments

- Agree to a minimum level of local content with subsequent increases over time
- Decent work through bargaining council participation
- Employment retention and creation
- Increased exports
- Productivity improvements
- Industrial Upgrading
- No anti-competitive practices

# High-Level Co-commitments

1. Leveraging public procurement through the identification of sectors/sub-sectors to be designated in line with amended PPPFA through research and ongoing stakeholder consultation
2. Establishment of standards for measurement and verification of local content
3. Government's review of procurement legislation to scale up the procurement lever
4. Government roll out of infrastructure to boost local manufacturing capacity
5. Business investment in extended or new domestic manufacturing supply chains
6. Government's development of sector strategies to increase local production in specific value chains
7. Business support for local manufacturing through business initiated Local Supplier Development Council
8. Business' leveraging of potential investment and private sector procurement on state procurement

# High-Level Co-commitments

9. Organised business commitment to identify opportunities for local procurement
10. Organised labour commitment to local procurement
11. Community commits to use networks to support Proudly South Africa (PSA)
12. PSA lead national campaign to educate and mobilise the public, business and labour of importance of supporting locally produced products.

Thank You.