



T45/10/21

**REQUEST FOR PROPOSAL TO DESIGN,
DEVELOP AND DELIVER A FUNDS
TRANSFER PRICING FRAMEWORK FOR
THE IDC**

**BID CLOSING DATE:
4 NOVEMBER 2021 AT 11:00 AM**

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SECTION 1: GENERAL CONDITIONS OF BID

1. Proprietary Information

Industrial Development Corporation of SA Ltd (IDC) considers this Request for Proposal (RFP) and all related information, either written or verbal, which is provided to the respondent, to be proprietary to IDC. It shall be kept confidential by the respondent and its officers, employees, agents and representatives. The respondent shall not disclose, publish, or advertise this RFP or related information to any third party without the prior written consent of IDC.

2. Enquiries

- 2.1 All communication and attempts to solicit information of any kind relative to this RFP should be channelled **in writing** to:

Name:	<u>Mr Brian Dlamini</u>
Telephone Number:	<u>+27 11 269 3181</u>
Email address:	<u>briandl@idc.co.za</u>

- 2.2 Enquiries in relation to this RFP will not be entertained after **16h00 on 29 October 2021**.
- 2.3 The enquiries will be consolidated and IDC will issue one response and such response will be posted, within two days after the last day of enquiries, onto the IDC website (www.idc.co.za) under tenders i.e. next to the same RFP document.
- 2.4 The IDC may respond to any enquiry in its absolute discretion and the bidder acknowledges that it will have no claim against the IDC on the basis that its bid was disadvantaged by lack of information, or inability to resolve ambiguities.

3. Bid Validity Period

Responses to this RFP received from bidders will be valid for a period of **120** days counted from the bid closing date.

4. Instructions on submission of Bids

- 4.1 Bid responses must be submitted in electronic format only and must be e-mailed to the dedicated e-mail address as provided herein.
- 4.2 Bid responses should be in generally acceptable / standard electronic file format/s (i.e. Microsoft suite of products or pdf) to enable access thereto by the IDC for purposes of evaluating responses received. Where documents are presented in a format which cannot be accessed by the IDC through generally acceptable formats, such bid response will be disqualified.
- 4.3 The closing date for the submission of bids is **4 November 2021** not later than **11:00 AM (before midday)**. No late bids will be considered. Bids must **only** be sent to tenders@idc.co.za. Bids sent to any other email address other than the one specified herein will be disqualified and will not be considered for evaluation. It is the bidder's responsibility to ensure that the bid is sent to the correct email address and that this is **received** by the IDC before the closing date and time in IDC's dedicated tender e-mail inbox / address (tenders@idc.co.za).

- 4.4 Bidders are advised to submit / send its bid responses at least 15 minutes before the 11:00AM deadline to avoid any Information Technology (IT) network congestions or technical challenges in this regard which may result in bid responses being received late. IDC's e-mail servers are configured to receive e-mails with sizes up to 50MB.
- 4.5 The IDC will not be held responsible for any of the following:
- 4.5.1 bid responses sent to the incorrect email address;
 - 4.5.2 bid responses being inaccessible due to non-standard electronic file formats being utilised to submit responses by bidders;
 - 4.5.3 any security breaches and unlawful interception of tender / bid responses by third parties outside the IDC's IT network domain;
 - 4.5.4 bid responses received late due to any IT network related congestions and/or technical challenges; and
 - 4.5.5 bid responses with file size limits greater than IDC's e-mail receipt capacity of 50MB.
- 4.6 Only responses received via the specified email address will be considered.
- 4.7 Where a complete bid response (Inclusive of all relevant Schedules) is **not received** by the IDC in its electronic email tender box (tenders@idc.co.za) by the closing date and time, such a bid response will be regarded as incomplete and late. Such late and / or incomplete bid will be disqualified. **It is the IDC's policy not to consider late bids for tender evaluation.**
- 4.8 Amended bids may be sent to the electronic tender box (tenders@idc.co.za) **marked** "Amendment to bid" and should be received by the IDC **before** the closing date and time of the bid.

5. Preparation of Bid Response

- 5.1 All the documentation submitted in response to this RFP must be in English.
- 5.2 The bidder is responsible for all the costs that it shall incur related to the preparation and submission of the bid document.
- 5.3 Bids submitted by bidders which are, or are comprised of companies must be signed by a person or persons duly authorised thereto by a resolution of the applicable Board of Directors, a copy of which Resolution, duly certified, must be submitted with the bid.
- 5.4 The bidder should check the numbers of the pages of its bid to satisfy itself that none are missing or duplicated. No liability will be accepted by IDC in regard to anything arising from the fact that pages of a bid are missing or duplicated.
- 5.5 Bidder's tax affairs with SARS must be in order (tax compliant status) and bidders must provide written confirmation to this effect as part of their tender response.

6. Supplier Performance Management

Supplier Performance Management is viewed by the IDC as a critical component in ensuring value for money acquisition and good supplier relations between the IDC and all its suppliers.

The successful bidder shall upon receipt of written notification of an award, be required to conclude a Service Level Agreement (SLA) with the IDC, which will form an integral part of the supply agreement. The SLA will serve as a tool to measure, monitor and assess the

supplier performance and ensure effective delivery of service, quality and value-add to IDC's business.

Successful bidders will be required to comply with the above condition, and also provide a scorecard on how their product / service offering is being measured to achieve the objectives of this condition.

7. Enterprise and Supplier Development

The IDC promotes enterprise development. In this regard, successful bidders may be required to mentor SMMEs and/ or Youth-Owned businesses. The implications of such arrangement will be subject to negotiations between the IDC and the successful bidder.

8. IDC's Rights

- 8.1 The IDC is entitled to amend any bid condition, bid validity period, RFP specification, or extend the bid closing date, all before the bid closing date. All bidders, to whom the RFP documents have been issued and where the IDC have record of such bidders, may be advised in writing of such amendments in good time and any such changes will also be posted on the IDC's website under the relevant tender information. All prospective bidders should therefore ensure that they visit the website regularly and before they submit their bid response to ensure that they are kept updated on any amendments in this regard.
- 8.2 The IDC reserves the right not to accept the lowest priced bid or any bid in part or in whole. It normally awards the contract to the bidder who proves to be fully capable of handling the contract and whose bid is functionally acceptable and/or financially advantageous to the IDC.
- 8.3 The IDC reserves the right to award this bid as a whole or in part.
- 8.4 The IDC reserves the right to conduct site visits at bidder's corporate offices and / or at client sites if so required.
- 8.5 The IDC reserves the right to consider the guidelines and prescribed hourly remuneration rates for consultants as provided in the **National Treasury Instruction 01 of 2013/2014: Cost Containment Measures**, where relevant.
- 8.6 The IDC reserves the right to request all relevant information, agreements and other documents to verify information supplied in the bid response. The bidder hereby gives consent to the IDC to conduct background checks, including FICA verification, on the bidding entity and any of its directors / trustees / shareholders / members.
- 8.7 The IDC reserves the right, at its sole discretion, to appoint any number of vendors to be part of this panel of service providers.
- 8.8 The IDC reserves the right of final decision on the interpretation of its tender requirements and responses thereto.

9. Undertakings by the Bidder

- 9.1 By submitting a bid in response to the RFP, the bidder will be taken to offer to render all or any of the services described in the bid response submitted by it to the IDC on the terms and conditions and in accordance with the specifications stipulated in this RFP document.
- 9.2 The bidder shall prepare for a possible presentation should IDC require such and the bidder will be required to make such presentation within five (5) days from the date the bidder is notified of the presentation. Such presentation may include a practical demonstration of products or services as called for in this RFP.
- 9.3 The bidder agrees that the offer contained in its bid shall remain binding upon him/her and receptive for acceptance by the IDC during the bid validity period indicated in this RFP and its acceptance shall be subject to the terms and conditions contained in this RFP document read with the bid.
- 9.4 The bidder furthermore confirms that he/she has satisfied himself/herself as to the correctness and validity of his/her bid response; that the price(s) and rate(s) quoted cover all the work/item(s) specified in the bid response documents; and that the price(s) and rate(s) cover all his/her obligations under a resulting contract for the services

contemplated in this RFP; and that he/she accepts that any mistakes regarding price(s) and calculations will be at his/her risk.

- 9.5** The successful bidder accepts full responsibility for the proper execution and fulfilment of all obligations and conditions devolving on him/her under the supply agreement and SLA to be concluded with IDC, as the principal(s) liable for the due fulfilment of such contract.
- 9.6** The bidder accepts that all costs incurred in the preparation, presentation and demonstration of the solution offered by it shall be for the account of the bidder. All supporting documentation and manuals submitted with its bid will become IDC property unless otherwise stated by the bidder/s at the time of submission.

10. Reasons for disqualification

- 10.1** The IDC reserves the right to disqualify any bidder which does any one or more of the following, and such disqualification may take place without prior notice to the offending bidder, however the bidder will be notified in writing of such disqualification:
- 10.1.1 bidders who do not submit an original valid Tax Clearance Certificate and / or proof of application of such as endorsed by SARS on the closing date and time of the bid submission and / or failure to provide the IDC with its SARS issued Tax Verification PIN code giving access to the IDC to electronically verify tax compliance;
- 10.1.2 bidders who submit incomplete information and documentation according to the requirements of this RFP document;
- 10.1.3 bidders who submit information that is fraudulent, factually untrue or inaccurate information;
- 10.1.4 bidders who receive information not available to other potential bidders through fraudulent means;
- 10.1.5 bidders who do not comply with any of the **mandatory requirements** as stipulated in the RFP document;
- 10.1.6 bidders who fail to comply with FICA requirements

11. Local Production and Local Content

The IDC promotes Local Production and Local Content. In the case of designated sectors, only locally produced goods, services or works or locally manufactured goods, with a stipulated minimum threshold for local content will be considered. IDC reserves the right at its sole discretion to set minimum thresholds for sectors which may not have been declared as designated sectors by the **dtic** in an effort to stimulate local production and content where relevant.

Bidders are required to assess their product and /or service offering against the designated sector lists as published by the Department of Trade and Industry (the **dti**) and to ensure full compliance with the minimum local content threshold, if relevant, before submitting its response to this tender. The **dtic's** latest list of designated sectors can be accessed on: <http://www.thedtic.gov.za/sectors-and-services-2/industrial-development/industrial-procurement/> and the National Treasury latest instruction notes can be accessed on <http://ocpo.treasury.gov.za/Pages/default.aspx>. In the event of any conflict between **dtic** and National Treasury on specified local content minimum thresholds, the IDC reserves the right to apply the most relevant during the adjudication of

this RFP. The inclusion of minimum local content thresholds is therefore included in this RFP by reference to the relevant websites listed herein, for products listed (where applicable). For Local Content requirements, it will be required that only locally produced or manufactured goods, with a stipulated minimum threshold for local content will be considered.

12. Returnable Schedules

Bidders shall submit their bid responses in accordance with the returnable schedules specified below (each schedule must be clearly marked):

12.1 Cover Page: (the cover page must clearly indicate the RFP reference number, bid description and the bidder's name)

12.2 Schedule 1:

12.2.1 Executive Summary (explaining how you understand the requirements of this RFP and the summary of your proposed solution)

12.2.2 Annexure 1 of this RFP document (duly completed and signed)

12.3 Schedule 2

12.3.1 Valid Tax Clearance Certificate(s) (TCC) and / or proof of application as endorsed by SARS and / or SARS issued tax verification pin code;

12.3.2 Originally certified copies of bidder's CIPC company registration documents listing all members with percentages, in case of a CC.

12.3.3 Copy of Board Resolution, duly certified;

12.3.4 Originally certified copy of ID document for the Company Representative

12.3.5 Annexure 2 of this RFP document (duly completed and signed);

12.3.6 Annexure 3 of this RFP document (duly completed and signed);

12.3.7 Annexure 4 of this RFP document (duly completed and signed);

12.3.8 Annexure 5 of this RFP document (duly completed and signed);

12.3.9 Annexure 6 of this RFP document (duly completed and signed);

12.3.10 Response to Annexure 8: BEE Commitment Plan

12.3.11 Bidders must submit a B-BBEE verification certificate indicating the contribution level of the bidding entity. For Exempted Micro Enterprises (EME) with an annual revenue of less than R10 million and Qualifying Small Enterprises (QSE) with an annual revenue of between R10 million and R50 million per annum, a sworn affidavit confirming the annual total revenue and level of black ownership may be submitted. Any misrepresentation in terms of the declaration constitutes a criminal offence as set out in the B-BBEE Act as amended.

Note: If a bidder is a Consortium, Joint Venture or Prime Contractor with Subcontractor(s), the documents listed above must be submitted for each Consortium/ JV member or Prime Contractor and Subcontractor(s).

12.3.12 Annexure 9 of this RFP document (duly completed and signed, **if relevant**);

12.3.13 Statement of Financial Position of the Bidder: Latest Audited Financial Statements (where applicable in terms of the Company's Act) and/or independently reviewed financial statements and/or Cashflow Budget for new entities with no financial records.

12.3.14 Copy of Joint Venture/ Consortium/ Subcontracting Agreement duly signed by all parties (if applicable)

12.4 Schedule 3:

12.4.1 Response to Section 2 of this document, in line with the format indicated in this RFP document.

12.4.2 Annexure 7 of this RFP document, duly completed and signed

12.5 Schedule 4: Price Proposal (response to Section 3 of this RFP document) (*Must be submitted as a separate file/document marked Schedule 4: Price Proposal*)

13. Evaluation Criteria and Weightings

Bids shall be evaluated in terms of the following process:

13.1 Phase 1: Initial Screening Process: During this phase, bid responses will be reviewed for purposes of assessing compliance with RFP requirements including the general bid conditions and also the Specific Conditions of Bid, which requirements include the following:

- Submission of a valid Tax Clearance Certificate as referenced in 12.3.1 above
- Submission of Company Registration Forms as referenced 12.3.2 above
- Submission of ID copy for the Company Representative as referenced in 12.3.4 above
- BEE Status Certification as referenced in 12.3.12 above and the consideration of the Specific Bid Conditions as referenced in Section 2
- Completion of all Standard Bidding Documents and other requirements, as reflected in this RFP, which covers the following:
 - Section 2: Statement of compliance with the Functional Evaluation Criteria for this RFP
 - Section 3: Cost Proposal and Price Declaration Form
 - Annexure 1: Acceptance of Bid Conditions
 - Annexure 2: Tax Compliance Requirements
 - Annexure 3: Supply Chain Management Questionnaire
 - Annexure 4: Declaration of Interest
 - Annexure 5: Certificate of Independent Bid Determination
 - Annexure 6: Shareholders' Information/ Group Structure
 - Annexure 7: Bidders Experience & Project Team
 - Annexure 8: BEE Commitment Plan
 - Annexure 9: Disclosure Statement
 - Annexure 10: Local Content Declaration (If Relevant)

Failure to comply with the requirements assessed in Phase 1 (compliance), may lead to disqualification of bids.

13.2 Phase 2: Technical/ Functionality Evaluation

Bid responses will be evaluated in accordance with the Functional criteria as follows:

13.2.1 Other Functional/ Technical Requirements

With regards to the other Functional Requirements, the following criteria (set out in more detail in section 2 of this RFP document) and the associated weightings will be applicable:

ELEMENT	WEIGHT
Bidder's Experience	40
Bidders Methodology(s), Prototyping and project plan	35
Qualifications, Skills and Experience of The Team	25
TOTAL	100

Note: The minimum qualifying score for functionality is 70%. All bidders that fail to achieve the minimum qualifying score on functionality shall not be considered for further evaluation on Price and BEE.

13.3 Phase 3: Preference Point System

All bids that achieve the minimum qualifying score for Functionality (acceptable bids) will be evaluated further in terms of the preference point system, as follows:

CRITERIA	POINTS
Price	80
B-BBEE	20
TOTAL	100 points

14. Promotion of Emerging Black owned Service Providers

It is the IDC's objective to promote transformation across all industries and/ or sectors of the South African economy and as such, bidders are encouraged to partner with a black owned entity (being 50%+1 black owned and controlled). Such partnership may include the formation of a Joint Venture and/ or subcontracting agreement etc., where a portion of the work under this tender would be undertaken by black owned entities. To give effect to this requirement, bidders are required to submit a partnership / subcontracting proposal detailing the portion of work to be outsourced, level of involvement of the black owned partner and where relevant, submit a consolidated B-BBEE scorecard in-line with the provisions of the PPPFA Regulations which will be considered as part of the B-BBEE scoring listed in 13.3.

SECTION 2: FUNCTIONAL REQUIREMENTS SPECIFICATION

SECTION 2: FUNCTIONAL REQUIREMENTS SPECIFICATION

1. Special instructions to bidders

- 1.1 Should a bidder have reason to believe that the Functional Requirements are not open/fair and/or are written for a particular service provider; the bidder must notify IDC Procurement within five (5) days after publication of the RFP.
- 1.2 Bidders shall provide full and accurate answers to the questions posed in this RFP document, and, where required explicitly state either "Comply/Not Comply" regarding compliance with the requirements. Bidders **must** substantiate their response to all questions, including full details on how their proposal/solution will address specific functional/ technical requirements; failure to substantiate may lead to the bidder being disqualified. All documents as indicated must be supplied as part of the bid response.
- 1.3 Failure to comply with Mandatory Requirements may lead to the bidder being disqualified.

2. Background Information

The Industrial Development Corporation of South Africa Limited (the IDC) is a self-financing, state-owned national development finance institution which provides financing to entrepreneurs engaged in competitive industries and follows normal company policies and procedures in its operations.

As a Developmental Finance Institute (DFI) providing loans for industrial business development, IDC has a duty to ensure its assets and liabilities are managed effectively for business continuity and appropriately allocating profits in the reporting period. The Corporation is required to hold sufficient and highly liquid assets to meet its short-term severe liquidity stress scenario.

The IDC is looking for a service provider to advise, design, develop and deliver a Funds Transfer Pricing (FTP) tool preferably in MicroSoft EXCEL format, which will directly and indirectly assist the Corporation in managing its financial performance in both the short and the long term. The advisory aspect will provide input on the importance of the FTP governing framework, practices and policies and its implementation within the IDC.

Hence, the IDC requires partnership with a suitably experienced and qualified provider to assist with the design, development, and delivery of a Funds Transfer Pricing framework.

3. Scope of work/Terms of reference

The appointed bidder should be able to provide the following:

1. Development of overall FTP framework that addresses funding liquidity risk

The IDC needs an FTP system and process to ensure that its financial statements reflect the true prevailing economic situation and the challenges it faces as a development finance institution in South Africa. The IDC would like to develop a FTP framework that will enable it to profitably manage the cost of servicing interest bearing liabilities and enhance how its operations can be optimised to generate revenue from its interest earning assets.

Profitability regulation is not prescriptive for funds transfer pricing (FTP), leaving room for application of a wide range of methodologies for FTP. This flexibility in approach is further compounded by the unique situation of the IDC, as our liabilities do not include significant deposits and capital is not strictly regulated. An FTP is a “zero-sum” calculation which naturally has the potential to create internal resistance to change. The IDC would like to foster productive business engagement with a transparent framework as we believe this to be a critical factor for ultimate FTP success.

Despite the wide gambit of operation, we envisage an economic approach that disaggregates a transfer price into different pricing components and associating appropriate premia to each component. The methodology should have a decomposition of the transfer price that facilitates risk transfer between the funding (ALM/Treasury) unit and the various IDC Business Units (BUs) in a way that aligns the financial incentives of the different units. The methodology should take cognisance of the operational risks the business units face, and the goals set for them by the IDC in pursuant of its overall corporate goals.

Without being prescriptive, at a minimum the FTP framework should clearly delineate the linkages between FTP and risk-adjusted performance measurements. The FTP process should have a mechanism of income allocation that is consistent with the IDC’s overall net interest income. This means that there should be an attempt to reconcile the accounting commercial margin and FTP treasury margin to the overall net interest income. The FTP framework must be consistent with the complexity and uniqueness of the IDC balance sheet and the institution’s development and sustainability goals.

2. Establishment of the governance FTP framework

For the successful implementation of an FTP framework, we believe that we must establish a robust governance process. Key to achieving a robust governance process is the establishment of robust controls and control testing for FTP results production, and an independent oversight body to discuss, challenge, and review methodology decisions. There must be a clear escalation path to Board, Executive, and Senior Management committees that can consider if the trade-offs and business incentives align with the corporate strategy.

As the IDC will be implementing an FTP process for the first time, the complexities of linking aggregate costs to individual drivers of costs will result in unique challenges that need to be carefully addressed to align business unit level incentives with overall Corporation goals. We expect that the FTP framework will have mechanisms to deal with change management and internal disputes on methodology. This includes at a minimum establishing workstreams and committees with effective and clear routes of escalation to mediate and resolve conflict.

The governance process should have guidelines on how changes in market, regulation, strategy, etc. may impact initial methodology choices. There should be high level guidance on how to conduct periodic reviews of the methodology, how areas requiring significant judgment required in methodology specification will be signed off (Champion vs Sponsor vs Executive vs Board), how independent review and challenge of methodology specification will be conducted.

A robust FTP governance process is critical to ensure continued alignment of the methodology with the IDC's financial sustainability and developmental goals. Furthermore, effective reporting is going to be instrumental in providing transparency to front-line decision makers looking to improve aggregate profitability by leveraging FTP insights and oversight functions. The governance process should delineate the frequency of reports, test processes and controls (validation and internal audit) and how these will feedback with effective remedial actions into critical internal (and sometimes external) process updates or enhancements.

3. Drafting of the related FTP policy

The FTP Policy should prescribe to the IDC guidelines on policy development. The policy should describe the new FTP model methodology, objectives, and principles for the new FTP model, and for Corporation units involved in FTP process with division of task and competencies. The policy should set the basic guidelines for the FTP procedures with description of methods and rules of tasks execution by the business and Support Units (SUs) involved in the process. The policy should be clear on the process of staff training in relation to FTP. The policy should lay the base process on how gap analyses will be conducted in the various areas of the FTP model, namely (but not exhaustive), objectives and principles of the FTP system while taking into consideration requirements regarding the IDC's business units, support units and funding strategy, the scope of the FTP model application, components of the FTP rates and methods for their determination and operational processes in scope of FTP system. It is imperative that the policy seeks to reduce conflict by establishing clear and strict protocols for communication, debate, empirical evidence gathering and final judgements on areas of disagreements. Without being prescriptive we expect that the policy will be clear on the role of the mandate of risk management, ranging from model validation to more involvement in FTP committee meetings as well as including FTP within the scope of internal audit reviews. Our expectation is that the FTP policy will enable business unit level incentives created through the framework to be aligned with the firm's overall goals while reducing areas of conflict to create an effective funding and liquidity management process with allocation of liquidity and other costs to IDC products.

4. Drafting of the FTP methodology

A typical FTP system usually consists of three components: asset contribution, treasury contribution and liability contribution. As depicted in figure 1, below the bulk of the assets of the IDC are held as Loans and advances, Investments, and -Investments in associates. **About two-thirds of the assets of the IDC are held as investments assets.** These equity investments earn fluctuating and unstandardized dividend income and get written off when the underlying company liquidates. Normally, one of the key benefits of having investments is that the IDC has ready collateral that can be pledged when it needs to acquire stand-by liquidity. As funding centres, these assets provide critical benefits to the IDC, and it may be important to credit them to get a clear picture of their contribution to the IDC's portfolio. Transfer pricing all assets and liabilities, including the investment portfolio, all trading activities, non-earning assets, non-costing liabilities, and equity, will provide the most accurate picture of business unit performance. At the IDC, there is significant portion of sources of funds that supports non-earning equity assets. The IDC will look for

guidance from the preferred service provider for the treatment of these listed and unlisted equity investments. Funds transfer pricing of other assets, such as premises and equipment, and other liabilities, such as accrued expense, is also expected to be evaluated on a case-by-case basis.

<i>Figures in Rand million</i>	Note(s)	Group		Company	
		2020	2019*	2020	2019*
Assets					
Cash and cash equivalents	16	8 776	9 809	7 043	9 233
Derivative financial instruments	11	171	1	162	-
Trade and other receivables*	15	1 994	1 854	438	73
Inventories	14	2 251	2 051	1	1
Current tax receivable		222	273	200	252
Loans and advances*	12	29 099	27 162	28 199	29 094
Investments	13	27 401	60 320	25 391	36 296
Non-current assets held for sale and assets of disposal groups	28	36	36	-	-
Investments in subsidiaries*	9	-	-	23 955	47 552
Investments in associates*	10	30 555	33 481	26 257	32 858
Deferred tax	33	1 253	1 885	360	-
Investment property	6	232	290	37	37
Property, plant and equipment	5	7 084	7 343	53	58
Right of use assets	34	326	-	414	-
Biological assets	7	14	93	-	-
Intangible assets	8	217	9	-	-
Total Assets		109 631	144 607	112 510	155 454

Figure 1: Financial assets of the IDC FY2020

Figure 2 below shows the liabilities of the IDC's balance sheet. The balance sheet is primarily funded by borrowings.

Liabilities					
Bank overdraft	16	82	49	-	-
Derivatives	11	28	39	-	17
Trade and other payables	36	3 920	3 042	840	1 078
Lease liabilities	34	387	-	438	-
Current tax payable		-	5	-	-
Retirement benefit obligation	37	341	375	158	183
Borrowings	19	41 236	39 486	56 038	54 125
Deferred tax	33	1 715	5 747	-	6 719
Financial Guarantees	25	1 144	194	1 144	194
Provisions	29	587	366	41	41
Share-based payment liability	30	1	1	-	-
Total Liabilities		49 441	49 304	58 659	62 357

Figure 2: Financial liabilities of the IDC FY2020

Figure 3 below shows that all the liabilities are non-current domestic loans. The foreign loans present FX risks but cognisance will need to be taken of how to treat the IDC's IRR and FX management of these loans when designing the FTP methodology.

<i>Figures in Rand million</i>	Group		Company	
	2020	2019	2020	2019
Foreign loans	10 370	9 840	10 370	9 841
Domestic loans	30 866	29 646	45 668	44 284
	41 236	39 486	56 038	54 125
Split between non-current and current portions				
Non-current liabilities	30 137	31 865	29 992	28 507
Current liabilities	11 099	7 621	26 046	25 618
	41 236	39 486	56 038	54 125
Foreign loans				
US dollar	9 209	8 195	9 209	8 195
Euro	1 161	1 145	1 161	1 145
SA Rand		500		500
Total	10 370	9 840	10 370	9 840
Maturity of foreign loans				
- Due within one year	5 668	2 673	5 668	2 673
- Due after one year but within five years	4 157	6 134	4 157	6 134
- Due after five years	545	1 033	545	1 033
	10 370	9 840	10 370	9 840

Figure 3: Composition and tenures for the IDC liabilities

The derivative assets and liabilities (foreign exchange contracts) are subject to netting agreements as shown in figure 4, below.

<i>Figures in Rand million</i>	Group		Company	
	2020	2019	2020	2019
Derivative assets	171	1	162	-
Foreign exchange contract assets				
Derivative liabilities	28	39	-	17
Foreign exchange contract liability				

These derivative assets and liabilities are subject to master netting agreements, which allows the Company to off-set the assets and liabilities, arriving at a net asset position of R162m (2019: net liability position of R17m)

All contractual maturities for the derivative assets and liabilities are within 12 months.

Figure 4: Derivative assets and liabilities showing net asset positions

When calculating a price for each loan (asset), the IDC Funds Transfer Pricing system is expected to put an internal FTP price on each liability within the IDC which is deducted as a cost from the loan (asset). Therefore, an FTP system would then provide a clear understanding of profitability of loans and other products. As every region, business unit and customer are charged a rate based on the intrinsic risk of their transaction and business. Thus, the FTP system will enable the IDC to measure profitability of different regions, business units, customer and product. From a central point of view, the use of FTP would transfer all the hedge-able interest rate risk exposure from the different lines of business by locking them into a funds transfer spread. This process would enable various business units to remain indifferent from market rates and hence focus on managing their businesses and understanding customer loan price elasticity.

The FTP methodology should calculate transfer prices in a manner that sheds light upon the financial risks inherent in an instrument and associates appropriate premia to each component. Ideally, without being prescriptive, an economic framework for FTP should serve as a bridge between market value-based risk management systems, accrual accounting principles, and commercial product pricing.

The specification of the FTP methodology requires significant judgment or deals with inherent uncertainty or complexity but what is key is for the methodology chosen to reflect the risks and rewards of the IDC in relation to its customer base, potential market, development mandate and financial situation in the economic environment it operates. The key issues to consider in the methodology are selection of an appropriate cost of funds curve that reflects the base cost of funds of the IDC, the selection of an appropriate mix of FTP components to capture the risk and rewards inherent in the IDC asset and liability profiles while maintaining profitability and market share, the treatment of assets eligible for FTP pricing and the treatment of residual Net Interest Margin (NIM) (mismatch).

The methodology for the IDC, as a DFI, needs to consider that there are no strict regulations on the size and quality of overall liquidity reserves, but that the IDC should be cognizant of typical cyclical and systemic risk issues inherent in any financial institution. The key aspect should be that a simplified or more sophisticated methodology should capture the average cost impact as it varies by business and product (possibly including shift in portfolio composition). The FTP methodology should provide transparency into the underlying drivers of liquidity costs that enables better liquidity risk management in addition to yielding a more balanced view of liquidity, credit, operational and subsidy charges.

Lastly, attributing charges to a specific business presents challenges, both in terms of technical limitations (data unavailability, system inadequacy and business organogram change complications) and may affect selecting the best FTP methodology. Given the judgment involved, it is important that the methodology selected is adequately justified and documented. It is also envisaged that no methodology will be cast in stone and may need to be reviewed for appropriateness considering any changes in strategy and/or market conditions.

5. Development of the FTP model

Although determination of interest rate risk and term liquidity are some of the key risk types in an FTP framework for pricing risk into the products, they are obviously not the only risk types to be considered when attempting to price the developmental focus of the IDC along the framework of risk types that compose its NIM. It is expected that risk types incorporated into the FTP systems and processes of the IDC will consider the risk and reward profile of the IDC after considering their reconciliation with the risk-based commercial and accounting-based pricing already in place at the IDC. Ideally, the commercial and account risk models should be used as a guide for adequacy of data, people, processes, and systems that can be leveraged upon and/or enhanced to ease the implementation of the FTP model.

To a minimum, the FTP model should be able to define funding cost for the assets and to calculate NIM for asset items, refinancing yield for the liabilities and to calculate NIM from market-value based liability items, to stabilize NIM for all commercial deals by transferring

(isolating) interest rate, liquidity and FX risk from BUs to Treasury, pricing benchmark for clients' deals (risk based pricing tool) and thus ex-ante profitability measurement, to establish efficient ex-post profitability measurement per various axis and thus to link budgeting and controlling activities, to impact BUs sales strategy through a concept of incentives (subsidies) via the Management FTP and to distinguish real, existing market conditions in terms of market prices of sources and alternative placements, and so guide and influence commercial lines to profitably optimise prices of their products.

The anticipated IDC FTP model will serve as the basis concept to embedding the objectives and principles of the new FTP system, enable calculation of the components of FTP rates and methods for their determination, be the visual methodology that explains and explicitly argues the assigning of FTP rates to particular products groups within IDC. The FTP model should enable BUs decision-makers to understand the attribution of directly or shared FTP component accountability. The FTP model should enable Board members, Executive, senior and other management levels to understand and distinguish the value and/or shortcomings of the difference between empirical data derived and proxy-based risk components and how they affect the final FTP pricing.

The selection of risks to include into the IDC FTP model should take cognisance of IDC's unique funding model and strategic goals. . Without an attempt at being prescriptive of methodology it is expected that the determination of the point on the selected curve chosen to charge assets will be clearly delineated and cognisance taken of curve shifts and the effect of the delta between the reference and risk-free rate.

There is a myriad of methodologies used to isolate the Term Liquidity Premium and to separate the spread of the firm's true 'cost of funds' from the risk-free rate. The expectation is that the FTP model should be able to determine internal accountabilities for adverse effects to NIM. For example, if different costs of funds are applied to different business units, then accountabilities should be cognisance of the areas of conflict likely to arise on determining profitability of the BUs when using the FTP systems..

The FTP model should incorporate a risk price into product prices for BUs to remain competitive and to ensure that products are not incorrectly under-priced or over-priced. However, even though it is accepted that risk-based pricing is the 'best practice' basis for an FTP framework, methodologies can vary extensively, and it is important that the FTP model be aligned to the goals of the IDC and its financial sustainability in all economic situations.

The FTP model developed may incorporate regulatory costs to augment, or override drivers related to internal risk assessment, if there is a risk-based justification for it but generally exemption from regulation is seen as an opportunity to lower DFI product costs. Normally, regulation requires high quality assets with little returns and also requires using liabilities with long tenures and high costs. It is expected that cognisance should be taken of the IDC's stress test metrics and scenarios for liquidity (i.e. Liquidity Coverage Ratios) so as to prevent double counting in FTP model.

Our Development Funding focus requires that there be a subsidisation of some of our products. Whatever the reason behind an alteration to a risk-based FTP price, expectation is that it be done with transparency. Most FIs calculate what the risk-based FTP price would be, and then show any incentive separately. Where possible, the approach should separate risk-based FTP price and any incentive separately; this approach makes it obvious to senior management that the product is being subsidized, and that if it were not subsidized, what the profit margin on the product would be. Any subsidies/alterations

would require to be reapproved regularly through a relevant governance committee, which can assess whether the justification remains valid.

6. Implementation of the FTP model and related organisational structural changes

The road to achieving the FTP process target state is a multi-phased journey especially considering the systems upgrades that typically are necessary as well as the parallel run period recommended for implementing changes of this scale.

FTP should align the risk-taking initiatives of BUs with liquidity and interest rate risk exposure they create for the IDC.

In the implementation of an FTP process and system, there is a need to establish guiding principles that provide a pre-agreed upon basis to inform decisions that require judgment (and hence may result in conflict) and trade-off between principles (e.g., having accurate metrics that appropriately reflect risk vs. having a transparent framework).

The envisaged scenario is that BUs and SUs will be involved early-on in the decision-making process allowing the business to have a stake in framework development. Ideally the expectation is creation of workstreams composed of adequately experienced and knowledgeable staff members to engage actively with external consultants with skills transfer occurring naturally. These work streams should feed into the relevant senior management committees and ultimately to the Board committees. Without being prescriptive, our expectation is that the IDC will have a Sponsor and FTP champion who will have oversight over the whole project.

The ideal project process is expected to at the minimum provide useful business feedback upfront that may inform downstream design decisions (e.g., desired granularity of reporting). There should be a pro-forma impact assessment conducted to ensure that there is alignment of the FTP process to our risk-based pricing tool and our accounting systems and reporting. The workstreams are expected to provide a tangible basis to assess specific methodology choices (vs. qualitative “abstract” assessment). Information Technology (IT), as one of the SUs is critical to the implementation process as they will provide valuable expertise in the sourcing of data feeds for pro forma calculations to help identify current data limitations and corresponding IT builds required to reach target FTP state. Early-on engagement with IT after pre-assessment impacts will help to plan for a phased implementation that allows for a “parallel-run” period including comparisons to risk based pricing tool and accounting outcomes. Implementation of a robust FTP framework requires reliable IT system and support. The final FTP process and system requires comprehensive FTP Policy and Methodology that considers the people, processes, and system capabilities of the IDC. **As human capital is the most valuable resource in the process, a detailed hand-over, training and skills transfer to all staff involved in the FTP process is a key document in this process.**

7. Benchmarking and model validation

At the minimum, the expectation is that a benchmarking exercise will focus on elucidating against best practices; qualitative and quantitative; model outputs and against model governance practices including data management, user manipulation and risk monitoring; and IT systems; and best practise people and process. The aim of the benchmarking exercise should be to assess the best fit allocation schemes within the FTP methodologies for the IDC that will **prevent it from being priced out of profitable markets or assuming new business which, in actuality, is more costly to the enterprise than budgeted.** The other key aims of the benchmarking exercise is to ensure that the IDC FTP process and system will ensure security and consistency of the FTP model in its key functioning aspects and that it will have a best fit to the current and planned IDC products. The envisaged FTP model and process must mitigate against the loss of revenue, loss of clients in the short term or significant profitability decline over the longer term.

4. Project timelines

The appointed service provider(s) will be required to start immediately after award and provide the services for a period of six (6) months at maximum.

5. Technical Evaluation Criteria

5.1 Other Technical Requirements

The service provider must indicate their compliance/ non-compliance to the following requirements and to substantiate as required. The bidder must respond in the format below, where additional information is provided/ attached somewhere else; such information must be clearly referenced.

5.1.1 BIDDER'S EXPERIENCE	Comply	Partially Comply	Not Comply
<p>The bidder must demonstrate relevant experience in Risk-Based Pricing and Fund Transfer Pricing within the DFI Space</p> <p>The bidder must provide two (2) relevant contactable references of similar work done in the past 5 (five) years.</p> <p>Please refer to Table (a) of Annexure 7 of this document for the format in which the required information must be provided.</p>			
<p>Substantiate / Comments</p>			

5.1.2 BIDDER'S PROPOSED METHODOLOGY, PROTOTYPING AND PROJECT PLAN	Comply	Partially Comply	Not Comply
<p>The bidder must demonstrate a thorough understanding of the objectives and deliverables of this project.</p> <p>The bidder must provide a detailed proposal of the methodology/ approach, prototyping and project plan to be used to carry out the scope of work outlined above and clearly demonstrate how the deliverables will be achieved.</p>			
Substantiate / Comments			

5.1.3 QUALIFICATIONS AND SKILLS OF KEY PERSONNEL	Comply	Partially Comply	Not Comply
<p>The bidder's key personnel of the proposed team must have relevant qualifications, skills and experience.</p> <p>The bidders must submit, as part of its proposal, the following:</p> <ul style="list-style-type: none"> • The structure and composition of the proposed team, clearly outlining the main disciplines/ specialties of this project and the key personnel responsible for each specialty. <p>CVs of the key personnel; and the CVs must clearly highlight qualifications, areas of experience/ competence relevant to the tasks and objectives of this project as outlined above.</p> <ul style="list-style-type: none"> • Please refer to Table (b) Annexure 7 of this document for the format in which the required information must be provided. 			
Substantiate / Comments			

SECTION 3: PRICE PROPOSAL

SECTION 3: Cost Proposal

1 **NOTE: All prices must be VAT exclusive and must be quoted in South African Rand (ZAR).**

2 Are the rates quoted firm for the full period of the contract?

YES	NO
-----	----

Important: If not firm for the full period, provide details of the basis on which price adjustments shall be applied e.g. CPI etc.

3 All additional costs associated the bidder's offer must be clearly specified and included in the Total Bid Price.

4

Is the proposed bid price linked to the exchange rate?	Yes	No
<i>If yes, the bidder must indicate CLEARLY which portion of the bid price is linked to the exchange rate:</i>		

6

Payments will be linked to specified deliverables after such deliverables have been approved by the IDC. Payments will be made within 30 days from date of invoice.	Comply	Not Comply

7

The IDC reserves the right to consider the guidelines on consultancy rates as set out in the National Treasury Instruction 01 of 2013/2014: Cost Containment Measures which took effect from 01 January 2014, where relevant.	Comply	Not Comply
The bidder must indicate if their proposed rates are in line with the provisions of the referenced National Treasury Instruction: Cost Containment Measures.		
Substantiate / Comments		

8 COSTING MODEL

Bidders are required to provide pricing in line with the requirements as outline in the above scope of work.

Activity/ Deliverable	Resource(s)	Rate/Hour per resource	Number of hours	Cost (VAT Excl.)
Development of overall FTP framework that addresses funding liquidity risk				
Establishment of the governance FTP framework				
Drafting of the related FTP policy				
Drafting of the FTP methodology				

Development of the FTP model/tool				
Implementation of the FTP model and related organisational structural changes				
Benchmarking and model validation				
Disbursements				
Total Cost (VAT Excl.)				

Note: Bidders are required to provide their indicative number of hours as well as a detailed breakdown of their deliverables whilst cognisance of the above project timelines.

The bidder must provide a detailed breakdown of the Disbursements as follows:

Cost Element	Cost (VAT Excl.)
Total Disbursements	

Note on pricing:

Disbursements (incidental expenses other than professional fees e.g. travel and accommodation, printing costs, etc.) must be clearly defined, outlining all assumptions. It is of utmost importance to submit clear and comprehensive cost proposals to allow the IDC to fairly compare bid price / cost proposals. If there is no additional fee envisaged for Disbursements, then the bidder must clearly indicate “No Charge / Free of Charge”. Failure to clearly indicate this, would result in IDC penalising your bid response by taking the cost of the highest bidder and adding 50% thereto and apply this rate for purposes of price comparisons. Bidders are therefore requested to respond clearly and comprehensively on this aspect of their bid response.

Total Bid Price (VAT EXCL.)	
------------------------------------	--

SUMMARY OF THE PROPOSAL

DESCRIPTION	BIDDER'S PROPOSAL
Number of resources (personnel)	
Project duration (in hours)	
Project duration (in months)	

Price Declaration Form

Dear Sir,

Having read through and examined the Request for Proposal (RFP) Document, RFP no. **T45/10/21**, the General Conditions, and all other Annexures to the RFP Document, we offer to provide for the design, development, and delivery of a Funds Transfer Pricing framework as specified in Section 2 of this RFP document, at a total amount of:

R..... (Excluding VAT)

In words

R..... (Excluding VAT)

We confirm that this price covers all activities associated with the service, as called for in the RFP document. We confirm that IDC will incur no additional costs whatsoever, other than in respect of VAT, over and above this amount in connection with the provision of this service.

We undertake to hold this offer open for acceptance for a period of 120 days from the date of submission of offers. We further undertake that upon final acceptance of our offer, we will commence with the provision of the required service when required to do so by the IDC.

We understand that you are not bound to accept the lowest or any offer, and that we must bear all costs which we have incurred in connection with preparing and submitting this bid.

We hereby undertake for the period during which this bid remains open for acceptance, not to divulge to any persons, other than the persons to whom the bid is submitted, any information relating to the submission of this bid or the details therein except where such is necessary for the submission of this bid.

SIGNED

DATE

(Print name of signatory)

Designation

FOR AND ON BEHALF OF: COMPANY NAME

Tel No

Fax No

Cell No

SECTION 4: ANNEXURES

Annexure 1: Acceptance of Bid Conditions and Bidder's Details

Request for Proposal No: _____

Name of Bidder: _____

Authorised signatory: _____

Name of Authorised Signatory _____

Position of Authorised Signatory _____

By signing above the bidder hereby accept full responsibility for the proper execution and fulfilment of all obligations and conditions devolving on him/her under this RFP.

[Note to the Bidder: The Bidder must complete all relevant information set out below.]

CENTRAL SUPPLIER DATABASE (CSD) INFORMATION

Bidders are required to be registered on the Central Supplier Database (CSD) of National Treasury. Failure to submit the requested information may lead to disqualification. Bidders are therefore required to submit as part of this proposal both their CSD supplier number and CSD unique registration reference numbers below:	
Supplier Number	
Unique registration reference number	

BIDDING STRUCTURE

Indicate the type of Bidding Structure by marking with an 'X':	
Individual Bidder	
Joint Venture/ Consortium	
Prime Contractor with Sub Contractors	
Other	

REQUIRED INFORMATION

If Individual Bidder:	
Name of Company	
Registration Number	
Vat registration Number	
Contact Person	
Telephone Number	
Cellphone Number	
Fax Number	

If Individual Bidder:	
Email address	
Postal Address	
Physical Address	

If Joint Venture or Consortium, indicate the following for each partner:	
Partner 1	
Name of Company	
Registration Number	
Vat registration Number	
Contact Person	
Telephone Number	
Cellphone Number	
Fax Number	
Email address	
Postal Address	
Physical Address	
Scope of work and the value as a % of the total value of the contract	
Partner 2	
Name of Company	
Registration Number	
Vat registration Number	
Contact Person	
Telephone Number	
Cellphone Number	
Fax Number	
Email address	
Postal Address	
Physical Address	
Scope of work and the value as a % of the total value of the contract	

If bidder is a Prime Contractor using Sub-contractors, indicate the following:	
Prime Contractor	
Name of Company	
Registration Number	
Vat registration Number	
Contact Person	
Telephone Number	
Cellphone Number	
Fax Number	
Email address	
Postal Address	
Physical Address	
Sub contractors	
Name of Company	
Company Registration Number	
Vat registration Number	
Contact Person	
Telephone Number	
Cellphone Number	
Fax Number	
Email address	
Postal Address	
Physical Address	
Subcontracted work as a % of the total value of the contract	

Annexure 2: Tax Compliance Requirements

1. TAX COMPLIANCE REQUIREMENTS		
1.1 BIDDERS MUST ENSURE COMPLIANCE WITH THEIR TAX OBLIGATIONS.		
1.2 BIDDERS ARE REQUIRED TO SUBMIT THEIR UNIQUE PERSONAL IDENTIFICATION NUMBER (PIN) ISSUED BY SARS TO ENABLE THE ORGAN OF STATE TO VIEW THE TAXPAYER'S PROFILE AND TAX STATUS.		
1.3 APPLICATION FOR TAX COMPLIANCE STATUS (TCS) OR PIN MAY ALSO BE MADE VIA E-FILING. IN ORDER TO USE THIS PROVISION, TAXPAYERS WILL NEED TO REGISTER WITH SARS AS E-FILERS THROUGH THE WEBSITE WWW.SARS.GOV.ZA.		
1.4 BIDDERS MAY ALSO SUBMIT A PRINTED TCS TOGETHER WITH THE BID.		
1.5 IN BIDS WHERE CONSORTIA / JOINT VENTURES / SUB-CONTRACTORS ARE INVOLVED, EACH PARTY MUST SUBMIT A SEPARATE PROOF OF TCS / PIN / CSD NUMBER.		
1.6 WHERE NO TCS IS AVAILABLE BUT THE BIDDER IS REGISTERED ON THE CENTRAL SUPPLIER DATABASE (CSD), A CSD NUMBER MUST BE PROVIDED.		
2. QUESTIONNAIRE TO BIDDING FOREIGN SUPPLIERS		
2.1	IS THE BIDDER A RESIDENT OF THE REPUBLIC OF SOUTH AFRICA (RSA)?	<input type="checkbox"/> YES <input type="checkbox"/> NO
2.2	DOES THE BIDDER HAVE A BRANCH IN THE RSA?	<input type="checkbox"/> YES <input type="checkbox"/> NO
2.3	DOES THE BIDDER HAVE A PERMANENT ESTABLISHMENT IN THE RSA?	<input type="checkbox"/> YES <input type="checkbox"/> NO
2.4	DOES THE BIDDER HAVE ANY SOURCE OF INCOME IN THE RSA?	<input type="checkbox"/> YES <input type="checkbox"/> NO
<p>IF THE ANSWER IS "NO" TO ALL OF THE ABOVE, THEN, IT IS NOT A REQUIREMENT TO OBTAIN A TAX COMPLIANCE STATUS / TAX COMPLIANCE SYSTEM PIN CODE FROM THE SOUTH AFRICAN REVENUE SERVICE (SARS) AND IF NOT REGISTER AS PER 1.3 ABOVE.</p>		
SUPPLIER COMPLIANCE STATUS	TAX COMPLIANCE SYSTEM PIN:	

Annexure 3: Supply chain management practices questionnaire

Request for Proposal No: _____

Name of Bidder: _____

Authorised signatory: _____

[Note to the Respondent: The Respondent must complete the information set out below. If the Respondent requires more space than is provided below it must prepare a document in substantially the same format setting out all the information referred to below and return it with Returnable Schedule 2.]

The bidder must complete the following questionnaire.

Bidder's past supply chain management practices:

Item	Question	Yes	No
3.1	<p>Is the Bidder or any of its directors listed on the South African National Treasury's database 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 South African National Treasury after the <i>audi alteram partem</i> rule was applied).</p>	<p>Yes</p> <input type="checkbox"/>	<p>No</p> <input type="checkbox"/>
	If so, provide particulars:		
3.2	<p>Is the Bidder or any of its directors listed on the Register for Bid Defaulters in terms of section 29 of the <i>Prevention and Combating of Corrupt Activities Act</i> No 12 of 2004?</p> <p>To access this Register enter the National Treasury's website, www.treasury.gov.za, click on the icon "Register for Bid Defaulters" or submit your written request for a hard copy of the Register to facsimile number +27123265445.</p>	<p>Yes</p> <input type="checkbox"/>	<p>No</p> <input type="checkbox"/>
	If so, provide particulars:		
3.3	<p>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?</p>	<p>Yes</p> <input type="checkbox"/>	<p>No</p> <input type="checkbox"/>

Item	Question	Yes	No
	If so, provide particulars:		
3.4	Does the Bidder relate to any IDC employee or part of IDC current or past staff (employee) establishment?	Yes <input type="checkbox"/>	No <input type="checkbox"/>
	If so, provide particulars:		
3.5	Was any contract between the Bidder and any organ of state (within the Republic of South Africa or within any foreign territory) terminated during the past five years on account of failure to perform on or comply with the contract?		
	If so, provide particulars:		

I, _____ (print name) hereby certify that the information, facts and representations are correct and that I am duly authorized to sign on behalf of the company.

Name of Company: _____

Company Registration Number: _____

Company VAT Registration Number: _____

Signature

Date

Annexure 4: Declaration of Interest

1. Any legal person, including persons employed by the state¹, 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:

2.2 Identity Number:.....

2.3 Position occupied in the Company (director, trustee, shareholder²):

2.4 Company Registration Number:

2.5 Tax Reference Number:

2.6 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.

¹“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.

2"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 presently employed by the state? **YES / NO**

2.7.1 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:
.....
.....

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

2.7.2.1 If yes, did you attached 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.

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

2.8 Did you or your spouse, or any of the company's directors / trustees / shareholders / members or their spouses conduct **YES / NO**

business with the state in the previous twelve months?

2.8.1 If so, furnish particulars:

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

2.9 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 Are you, or any person connected with the bidder (i.e. shareholder, partner, director etc.), aware of any relationship (family, friend, other) between any other bidder or any other company and any person employed by the IDC or the dti who may be involved with the evaluation and or adjudication of this bid?

YES / NO

2.10.1 If so, furnish particulars.

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

2.11 Do you or any of the directors / trustees / shareholders / members of the company have any interest in any other company whether or not they are bidding for this contract? The IDC reserves the right to undertake further background checks on any other company where partners, shareholders or any interested party of the bidder may be involved in and to consider any findings in this regard as part of its vetting processes.

YES/NO

2.11.1 If so, furnish particulars:

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

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

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

1. DECLARATION

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

CERTIFY THAT THE INFORMATION FURNISHED IN PARAGRAPHS 2 and 3 ABOVE IS CORRECT. I ACCEPT THAT IDC MAY REJECT THE BID OR ACT AGAINST ME SHOULD THIS DECLARATION PROVE TO BE FALSE.

.....
Signature Date

.....
Position Name of bidder

Annexure 5: Certificate of Independent Bid Determination

SBD 9

CERTIFICATE OF INDEPENDENT BID DETERMINATION

- 1 This Standard Bidding Document (SBD) must form part of all bids¹ 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).² 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.
- 4 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.
- 5 In order to give effect to the above, the attached Certificate of Bid Determination (SBD 9) must be completed and submitted with the bid:

¹ Includes price quotations, advertised competitive bids, limited bids and proposals.

² 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.

CERTIFICATE OF INDEPENDENT BID DETERMINATION

I, the undersigned, in submitting the accompanying bid:

(Bid Number and Description)

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)

1. I have read and I understand the contents of this Certificate;
2. I understand that the accompanying bid will be disqualified if this Certificate is found not to be true and complete in every respect;
3. I am authorized by the bidder to sign this Certificate, and to submit the accompanying bid, on behalf of the bidder;
4. 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;
5. 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 or not 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
6. 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 consortium³ will not be construed as collusive bidding.
7. In particular, without limiting the generality of paragraphs 6 above, there has been no consultation, communication, agreement or arrangement with any competitor regarding:

³ 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.

- (a) prices;
 - (b) 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.
8. 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.
9. 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.
10. 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

6.3 Directors

Name of the shareholder	ID Number	Race	Gender

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

CERTIFY THAT THE INFORMATION FURNISHED ABOVE IS CORRECT.

.....
Signature

.....
Date

.....
Position

.....
Name of bidder

Table (b) Details of the key personnel of the bidders' proposed team: (please refer to par 5.1.3 of Section 2 of this RFP document):

Name	Position	Role / Duties in this Project	Relevant Project Experience	
			Project description, Client, Project period	Project Cost

Annexure 8: BEE Commitment Plan

The IDC encourages existing vendors and prospective bidders to support the objectives of B-BBEE and as far as possible strive to improve their B-BBEE contribution status. For bid evaluation purposes, bidders are allocated points in terms of a preference point system based on the B-BBEE Contribution Level status that is in accordance with a valid B-BBEE certificate.

Bidders are therefore required to submit a B-BBEE improvement plan in view of the new B-BBEE Codes of Good Practice. Bidders must indicate the extent to which their ownership, management control, employment equity, preferential procurement and enterprise development will be maintained or improved over the contract period in the event that they are successful in this bid process.

Annexure 9: Disclosure Statement

Disclosure Statement

In terms of the tender condition 8.6, which allows the IDC to conduct background checks on bidders and its shareholders and directors, the IDC hereby requires bidders to provide the following additional information:

- 9.1 The IDC considers the integrity of its appointed service providers to be of critical importance. The IDC reserves the right to disqualify from further consideration, any bidder whose integrity, based on past conduct (during the 5 years immediately preceding the bid submission date), it considers questionable.
- 9.2 To this end, the IDC requires each bidder to include in its bid, a disclosure statement which details the following (with sufficient information and supporting documentation for the IDC to make its own assessment as to the materiality or seriousness of allegations regarding the bidder's integrity or conduct):
 - 9.2.1 any criminal charges made against the bidder or any of its directors, shareholders or management officials regarding their professional conduct;
 - 9.2.2 any civil proceedings initiated against the bidder or any of its directors, shareholders or management officials regarding their professional conduct; and
 - 9.2.3 any other enquiry or similar proceedings initiated or threatened against the bidder or any of its directors, shareholders or management officials regarding their professional conduct.
- 9.3 Where the bidder is a consortium, the disclosure statement referred to in paragraph 9.2 above must be made separately in respect of each consortium partner
- 9.4 In the event that the bidder's circumstances change, after submission of its bid, in regard to any matter referred to in paragraph 9.2 above or in regard to any matter referred to in its disclosure statement, the bidder must submit a written notification to IDC indicating the nature and extent of such changed circumstances.
- 9.5 The IDC reserves the right to seek such additional information from any bidder, in respect of the disclosure statement referred to in paragraph 9.2 above, as it may, in its sole discretion, determine, whether such information has been requested under this RFP or otherwise, and may require the bidder to make oral presentations for clarification purposes or to present supplementary information, in respect of the disclosure statement if so required by the IDC.
- 9.6 Based on its own assessment of the contents of the bidder's disclosure statement and any publicly available information which is relevant to the contents of such disclosure statement, the IDC will decide whether the bidder's conduct or any allegations relating thereto pose a risk, reputational or otherwise, to the IDC; and if it reaches an adverse conclusion the IDC will in its sole discretion have the right to disqualify a bidder from further participation in the tender process. Disqualification on this ground may be done at any stage in the bid evaluation process prior to contract award.

Annexure 10: Local Content Declaration (If Relevant)

This Standard Bidding Document (SBD) must form part of all bids invited. It contains general information and serves as a declaration form for local content (local production and local content are used interchangeably).

Before completing this declaration, bidders must study the General Conditions, Definitions, Directives applicable in respect of Local Content as prescribed in the Preferential Procurement Regulations, 2017, the South African Bureau of Standards (SABS) approved technical specification number SATS 1286:2011 (Edition 1) and the Guidance on the Calculation of Local Content together with the Local Content Declaration Templates [Annex C (Local Content Declaration: Summary Schedule), D (Imported Content Declaration: Supporting Schedule to Annex C) and E (Local Content Declaration: Supporting Schedule to Annex C)].

2. General Conditions

- 2.1. Preferential Procurement Regulations, 2017 (Regulation 8) make provision for the promotion of local production and content.
- 2.2. Regulation 8(2) prescribes that in the case of designated sectors, organs of state must advertise such tenders with the specific bidding condition that only locally produced or manufactured goods, with a stipulated minimum threshold for local production and content will be considered.
- 2.3. Where necessary, for tenders referred to in paragraph 1.2 above, a two stage bidding process may be followed, where the first stage involves a minimum threshold for local production and content and the second stage price and B-BBEE.
- 2.4. A person awarded a contract in relation to a designated sector, may not sub-contract in such a manner that the local production and content of the overall value of the contract is reduced to below the stipulated minimum threshold.
- 2.5. The local content (LC) expressed as a percentage of the bid price must be calculated in accordance with the SABS approved technical specification number SATS 1286: 2011 as follows:

$$LC = [1 - x / y] * 100$$

Where

x is the imported content in Rand

y is the bid price in Rand excluding value added tax (VAT)

Prices referred to in the determination of x must be converted to Rand (ZAR) by using the exchange rate published by South African Reserve Bank (SARB) on the date of advertisement of the bid as indicated in paragraph 3.1 below.

The SABS approved technical specification number SATS 1286:2011 is accessible on <http://www.thedtic.gov.za/sectors-and-services-2/industrial-development/industrial-procurement/> at no cost.

2.6. A bid may be disqualified if this Declaration Certificate and the Annex C (Local Content Declaration: Summary Schedule) are not submitted as part of the bid documentation;

3. The stipulated minimum threshold(s) for local production and content (refer to Annex A of SATS 1286:2011) for this bid is/are as follows:

The minimum threshold for local content as published on the dtic website and as issued by National Treasury as instruction notes, should be considered, and will become applicable to this requirement, **where relevant**. The dtic's latest list of designated sectors can be accessed on: <http://www.thedtic.gov.za/sectors-and-services-2/industrial-development/industrial-procurement/> and the National Treasury latest instruction notes can be accessed on <http://ocpo.treasury.gov.za/Pages/default.aspx>. In the event of any conflict between dtic and National Treasury on specified local content minimum thresholds, the IDC reserves the right to apply the most relevant during the adjudication of this RFP. The inclusion of minimum local content thresholds is therefore included to this RFP by reference to the relevant websites listed herein, for products listed (where applicable) if not specified herein.

<u>Description of services, works or goods</u>	<u>Stipulated minimum threshold</u>
_____	_____ %
_____	_____ %
_____	_____ %

3. Does any portion of the goods or services offered have any imported content?

(Tick applicable box)

YES		NO	
-----	--	----	--

- 3.1 If yes, the rate(s) of exchange to be used in this bid to calculate the local content as prescribed in paragraph 1.5 of the general conditions must be the rate(s) published by SARB for the specific currency on the date of advertisement of the bid.

The relevant rates of exchange information is accessible on www.resbank.co.za

Indicate the rate(s) of exchange against the appropriate currency in the table below (refer to Annex A of SATS 1286:2011):

Currency	Rates of exchange
US Dollar	
Pound Sterling	
Euro	
Yen	
Other	

NB: Bidders must submit proof of the SARB rate (s) of exchange used.

- 4. Where, after the award of a bid, challenges are experienced in meeting the stipulated minimum threshold for local content the dti must be informed accordingly in order for the dti to verify and in consultation with the AO/AA provide directives in this regard.

LOCAL CONTENT DECLARATION

(REFER TO ANNEX B OF SATS 1286:2011)

LOCAL CONTENT DECLARATION BY CHIEF FINANCIAL OFFICER OR OTHER LEGALLY RESPONSIBLE PERSON NOMINATED IN WRITING BY THE CHIEF EXECUTIVE OR SENIOR MEMBER/PERSON WITH MANAGEMENT RESPONSIBILITY (CLOSE CORPORATION, PARTNERSHIP OR INDIVIDUAL)

IN RESPECT OF BID NO.

ISSUED BY: IDC

NB

- 1 The obligation to complete, duly sign and submit this declaration cannot be transferred to an external authorized representative, auditor or any other third party acting on behalf of the bidder.
- 2 Guidance on the Calculation of Local Content together with Local Content Declaration Templates (Annex C, D and E) is accessible on http://www.thedti.gov.za/industrial_development/ip.jsp. Bidders should first complete

Declaration D. After completing Declaration D, bidders should complete Declaration E and then consolidate the information on Declaration C. **Declaration C should be submitted with the bid documentation at the closing date and time of the bid in order to substantiate the declaration made in paragraph (c) below.** Declarations D and E should be kept by the bidders for verification purposes for a period of at least 5 years. The successful bidder is required to continuously update Declarations C, D and E with the actual values for the duration of the contract.

I, the undersigned, (full names),
do hereby declare, in my capacity as
of(name of bidder
entity), the following:

- (a) The facts contained herein are within my own personal knowledge.
- (b) I have satisfied myself that:
 - (i) the goods/services/works to be delivered in terms of the above-specified bid comply with the minimum local content requirements as specified in the bid, and as measured in terms of SATS 1286:2011; and
- (c) The local content percentage (%) indicated below has been calculated using the formula given in clause 3 of SATS 1286:2011, the rates of exchange indicated in paragraph 3.1 above and the information contained in Declaration D and E which has been consolidated in Declaration C:

Bid price, excluding VAT (y)	R
Imported content (x), as calculated in terms of SATS 1286:2011	R
Stipulated minimum threshold for local content (paragraph 3 above)	
Local content %, as calculated in terms of SATS 1286:2011	

If the bid is for more than one product, the local content percentages for each product contained in Declaration C shall be used instead of the table above.

The local content percentages for each product has been calculated using the formula given in clause 3 of SATS 1286:2011, the rates of exchange indicated in paragraph 3.1 above and the information contained in Declaration D and E.

- (d) I accept that the Procurement Authority / Institution has the right to request that the local content be verified in terms of the requirements of SATS 1286:2011.
- (e) I understand that the awarding of the bid is dependent on the accuracy of the information furnished in this application. I also understand that the submission of incorrect data, or data that are not verifiable as described in SATS 1286:2011, may result in the Procurement Authority / Institution imposing any or all of the remedies as provided for in Regulation 14 of the Preferential Procurement Regulations, 2017 promulgated under the Preferential Policy Framework Act (PPFA), 2000 (Act No. 5 of 2000).

SIGNATURE: _____

WITNESS No. 1 _____

DATE: _____

WITNESS No. 2 _____

DATE: _____