



# Economic Development and Planning Cluster

## Economic Development and Investment Promotion Unit

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### CALL FOR PROPOSALS

**PROJECT NUMBER: 7G 30839**

<b>Date of Submission</b>	<b>22 September 2016</b>
<b>Tender Delivery</b>	Materials Management Building. Corporate Procurement Section, Archie Gumede Avenue.
<b>Further Enquiries</b>	Dr Nuthan Maharaj <a href="mailto:Nuthan.maharaj@durban.gov.za">Nuthan.maharaj@durban.gov.za</a>
<b>Project Title</b>	<b>“ECONOMIC DEVELOPMENT INCENTIVE POLICY (EDIP) REVIEW”</b>

## **1. Project Title “ECONOMIC DEVELOPMENT INCENTIVE POLICY REVIEW”**

This request for Proposals to undertake the once-off annual review for the Economic Development Incentive Policy commissioned by the Policy, Strategy, Information and Research (PSIR) Department of the Economic Development and Investment Promotion Unit (EDU). This review serves as a Policy requirement for the financial year 2016-17 in order to enhance the City's responsiveness to the target market and assess the impact of the Policy in its first year of implementation.

## **2. Background and Introduction**

As a recommendation of the Economic Development and Job creation Strategy 2014, and in response to the Clause 14 of the Rates Policy 2016-17 the ED&IP Unit has implemented a Policy entitled the 'Economic Development Incentive Policy'. The purpose of offering incentives hinges on key objectives identified in the Unit's strategy to promote economic growth and job creation in the City, coupled with the aim to attractive investment.

The eThekweni Municipality faces the challenge of addressing unemployment, income inequality, and shortfalls in education and training. Private investment is needed to broaden economic activity, catalyse infrastructure investment, and improve social services and mobilise the local economy to catapult job creation in the City.

In the context of investment incentives, there has been an apparent rise in governments' efforts to use incentives as a tool to attract and retain capital that is increasingly mobile. In efforts to create employment, increase competitiveness, generate exports, and encourage and build up their tax bases, governments are using incentives to convince investors to forego *other* incentive opportunities offered by competing economies and to bring and keep their businesses in that jurisdiction. Once the businesses are there, incentives are also being used to encourage the investments to deepen linkages with and spillovers into the local economy, in this context governments may offer incentives for businesses to hire local employees, procure their goods and services from local providers, and invest in education and training

Tax incentives and grants are the most prevalent types of incentive instruments used in South Africa and globally, though technical and business support measures are common and important. The Economic

Development Incentive Policy therefore pronounces on financial and non-financial incentives offered by the City to encourage investors both local and international to invest in development in the City. The Policy offerings have been phased in starting with the first phase in 2016-17 which offers property tax rebates on three categories of development, namely; greenfields, brownfields and abandoned buildings. Non-financial incentives are being offered in the form of investor support. Further provisions will be phased during the upcoming financial year 2017-18.

### **3. Overall Objective of this Project**

The overall objective of this Project is to undertake a once-off annual review of the current Economic Development Incentive Policy and its implementation processes thereby making amendments to the Policy utilizing a consultative methodological approach.

### **4. Scope of Project**

The scope of the required EDIP annual review is as follows:

4.1 Review current EDIP and capture lessons learnt from the first phase implementation.

4.2 Undertake a consultative workshop with all relevant stakeholders to elicit critique, comment and proposed recommendations for Policy review.

4.3 To examine the Policy in its entirety and identify gaps which relate to but not limited to 4.1 above and propose subsequent changes.

4.4 Examine the provisions of the Policy which require formulae/model to implement the offer of incentives for each of the **appropriate targeted sectors**. The investment incentives being applied to this category are aimed at supporting **sectors** in the eThekweni Municipal area with a significant current contribution to the economy or with confirmed employment growth potential. Some of the key sectors which have high employment potential as per the **Economic Development and Job Creation Strategy are Manufacturing, Business Process Outsourcing (BPO), the Green Economy, Tourism and Maritime and Logistics**

4.5 To make firm recommendations utilizing a proven formula for incentives with regards to the number of jobs created (specifying different categories of jobs).

4.6 To engage final recommendations with the project team at the ED & IP Unit following which the final Reviewed EDIP to be tabled.

4.7 Review and amend current application forms to align to all proposed changes.

4.8 Generate the necessary templates/criteria for the assessment and adjudication of applications.

4.9 All recommendations, amendments and the final reviewed Policy must align to the Rates Policy 2017-18. It is important that the final Reviewed Policy is not in contradiction to any related legislation.

## **5. Tasks, Duties and Deliverables**

The appointed service provider will be required to undertake the tasks and duties to achieve the items listed in the scope of works.

The deliverables include:

- Inception report: This should contain details on the overall approach, including any methodologies to be applied as well as details of the project team that will be responsible for execution of each stage of the project.
- Stakeholder workshop for EDIP review and a reporting thereof.
- Ready to use powerpoint presentations of the methodology and the final reviewed Policy.
- A reviewed Policy Document, application forms, monitoring and evaluation criteria.

## **6. Milestones and Timeframes**

The duration of the appointment is 8 weeks. Minor adjustments maybe made during the course of the assignment through joint agreement.

## **7. End products and Format**

The end products, as specified above are to be supplied to Investment Promotion and PSIR in electronic format and print format. Please note that information used during this assignment or work generated as a result of this assignment will remain the property of the Unit.

## **8. Copyright on Documents**

Please note that as a requirement of this project, all output and copyright thereof will become the property of eThekweni Municipality. The findings and results from this project shall by no means be used by any other sources. In the event of termination of this appointment, ED & IPU reserve the right to use all or any parts of the documentation for completion of the project.

## **9. Project Team Requirements**

The project team will be required to demonstrate the following knowledge and/or experience;

- Extensive exposure, experience and the appropriate qualification in the economic development and town and regional planning, environmental planning, property development and finance (taxation) fields.
- Record of previous work experience and in policy development, monitoring and evaluation.
- Expert knowledge on the concept of incentivisation for economic growth and development.
- Analytical and critical research skills.
- Stakeholder engagement/facilitation experience.

## 10. Meetings and Presentations Required to be Undertaken

- The appointed service provider will be required to attend meetings at Council to discuss the requirements for the project. Meetings will also be held to discuss the progress of the project at intervals to be specified upon appointment.
- The appointed service provider will be required to present the draft material to Council upon sufficient notice.
- A well planned Stakeholder Consultative Workshop.

## 11. Proposal and Financial Issues

The service provider is expected to commence with the project immediately after appointment. All interested service providers will be required to submit a proposal that displays an understanding of the requirements of this project. The proposal should include a project plan which consists of a detailed budget as well as timelines, keeping within the deadline specified in these terms. The consultant is to prepare a detailed budget not exceeding R 200 000 inclusive of disbursements and VAT. The quotation must include total cost, VAT and disbursements as separate figures. Payment arrangements will be negotiated on the basis of the completion of project deliverables and will be outlined in the letter of appointment. Final payment will be paid on full completion of the project and the receipt of the final set of deliverables. These terms of reference are subject to any changes which may stem from a negotiation of the final terms with the service provider, as well as any additional budget which may be allocated to the project.

## 12. EVALUATION CRITERIA

A two stage evaluation process is used in line with National Treasury's Supply Chain Management Guidelines and the MFMA. The first will assess functionality. Qualifying tenderers will then be assessed on price and BEE empowerment status as depicted in the table below.

### STAGE 2

Price: overall budget of the project	80
BEE: empowerment status	20
<b>GRAND TOTAL</b>	<b>100</b>

### **13. Project Budget/Professional Re-imburement**

The consultant is to prepare a detailed budget which is not to exceed R 200 000 inclusive of disbursements and VAT.

### **14. Closing Date and Time**

**THE CLOSING DATE FOR SUBMISSIONS OF PROPOSALS is 11H00 on Friday, 07 October 2016.**

Each service provider must submit an original proposal document and three copies marked "Economic Development Incentive Policy Review" and signed by or on behalf of the respondent. Proposals are to be sealed in an envelope and hand delivered to the Materials Management Building. **Corporate Procurement Section**, Archie Gumede Avenue, Durban, addressed to Dr Nuthan Maharaj, PSIR-Economic Development and Investment Promotion Unit.

## Appendix

### A. DECLARATION OF INTEREST

1. No bid will be accepted from persons in the service of the state.

1.1 MSCM Regulations: "in the service of the state" means to be –

(a) a member of –

(i) any municipal council;

(ii) any provincial legislature; or

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

(b) a member of the board of directors of any municipal entity;

(c) an official of any municipality or municipal entity;

(d) an employee of 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);

(e) a member of the accounting authority of any national or provincial public entity; or

(f) an employee of Parliament or a provincial legislature.

2. Shareholder" means a person who owns shares in the company and is actively involved in the management of the company or business and exercises control over the company.

2.1 Any person, having a kinship with persons in the service of the state, including a blood relationship, may make an offer or offers in terms of this invitation to bid. In view of possible allegations of favouritism, should the resulting bid, or part thereof, be awarded to persons connected with or related to persons in service of the state, it is required that the bidder or their authorised representative declare their position in relation to the evaluating/adjudicating authority.

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

3.1. Full Name of bidder or his or her representative:.....

3.2. Identity Number: .....

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

3.4. Company Registration Number: .....

3.5. Tax Reference Number:.....

3.6. VAT Registration Number: .....

3.7. The names of all directors / trustees / shareholders members, their individual identity numbers and state employee numbers must be indicated in paragraph 4 below.

3.8. Are you presently in the service of the state? **YES / NO**

If yes, furnish particulars.....

3.9. Have you been in the service of the state for the past twelve months? ..... **YES / NO**

If yes, furnish particulars.....

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3.10. Do you have any relationship (family, friend, other) with persons in the service of the state and who may be involved with the evaluation and or adjudication of this bid? ..... **YES / NO**

If yes, furnish particulars.

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3.11. Are you, aware of any relationship (family, friend, other) between any other bidder and any persons in the service of the state who may be involved with the evaluation and or adjudication of this bid? **YES / NO**

If yes, furnish particulars

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3.12. Are any of the company's directors, trustees, managers, principle shareholders or stakeholders in service of the state? **YES / NO**

If yes, furnish particulars.

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.....

3.13. Is any spouse, child or parent of the company's directors, trustees, managers, principle shareholders or stakeholders in service of the state? **YES / NO**

If yes, furnish particulars.

.....

3.14. Do you or any of the directors, trustees, managers, principle shareholders, or stakeholders of this company have any interest in any other related companies or business whether or not they are bidding for this contract? **YES / NO**

3.14.1 If yes, furnish particulars:

.....

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

<b>Full Name</b>	<b>Identity Number</b>	<b>State</b>	<b>Employee</b>
		<b>Number</b>	