

# SOURCING AND SET ASIDE POLICY

2025/2028



## public works & roads

Department:  
Public Works and Roads  
North West Provincial Government  
**REPUBLIC OF SOUTH AFRICA**

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## 1. PURPOSE

The purpose of this Sourcing Strategy is to provide a uniform, transparent and compliant framework for sourcing goods, works and services across all departmental procurement categories, including but not limited to Contractors, Consultants, Attorneys, Travel Management Companies (TMCs), goods suppliers and general service providers.

The Strategy further aims to:

1. **Define the criteria, processes and controls** for selecting and appointing service providers from approved Departmental Panels and databases, where applicable.
2. **Guide the implementation of set-aside provisions** for Designated Groups in line with Section 217 of the Constitution, the Preferential Procurement Framework, and any applicable Treasury Instructions.
3. **Support the execution of the Contractor Development Programme (CDP)** by outlining sourcing, allocation, monitoring and reporting requirements for CDP-earmarked projects.
4. **Promote fairness, equity, transparency, competitiveness and cost-effectiveness** in departmental procurement decisions.
5. **Enhance accountability and consistency** by aligning sourcing practices to the PFMA, SCM Regulations, Preferential Procurement legislation, and the Department's SCM Policy Framework.

## 2. APPLICABILITY OF THE SOURCING POLICY

This Sourcing Policy applies to:

- 2.1. Contractors;
- 2.2. Horticulture and Landscaping (Gardening Services);
- 2.3. Consultants;
- 2.4. Attorneys and Legal Practitioners;
- 2.5. Travel Management Companies (TMCs) / travel agents;
- 2.6. Goods suppliers and general Service Providers;



- 2.7. Designated Group entities (e.g., youth, women, people with disability, rural enterprises);
- 2.8. Contractor Development Programme; and
- 2.9. All Departmental Employees involved in sourcing, evaluation, recommendation, approvals or contract management.

It covers procurement processes from needs identification, market assessment, panel utilisation, quotation and evaluation, appointment, and post-award management.

### **3. LEGISLATIVE FRAMEWORK**

- 3.1. The Constitution of the Republic of South Africa Act 108 of 1996;
- 3.2. Public Finance Management Act no. 1 of 1999;
- 3.3. Treasury Regulations, 2005;
- 3.4. Public Service Act, 2001;
- 3.5. Public Service Regulations;
- 3.6. PPPFA and its Regulations of 2022;
- 3.7. CIDB and Regulations (where applicable);
- 3.8. Treasury Instruction notes;
- 3.9. Treasury Practice Notes;
- 3.10. Departmental SCM Policy;
- 3.11. National Treasury Guidelines on TMCs;
- 3.12. Architectural Profession Act, 2000;
- 3.13. Project and Construction Management Professions Act, 2000;
- 3.14. Engineering Profession Act, 2000;
- 3.15. Landscape Architectural Profession Act, 2000;
- 3.16. Property Valuers Profession Act, 2000;
- 3.17. Quantity Surveying Profession Act, 2000;
- 3.18. Occupational Health and Safety Act 85 of 1993; and
- 3.19. National Building Regulations and Building Standards Act 103 of 1977  
(and all other relevant legislation applicable to the built environment).



## 4. DEFINITIONS

- 4.1. **Unplanned works/Emergencies:** Work that is not anticipated and its occurrence requires an immediate assessment and implementation;
- 4.2. **Natural Disasters:** Any calamitous occurrence generated by the effects of natural, rather than human-driven phenomena that produces great loss of human life or destruction of the natural environment, private property or public infrastructure;
- 4.3. **Contractor Development Programme (CDP):** Departmental Incubation Programme for emerging contractors between CIDB grading level 1 – 3;
- 4.4. **Contractor:** Any person or entity whose bid has been accepted by the Department; and
- 4.5. **Consultants:** Any person or entity providing services requiring knowledge based expertise and includes professional Service Providers.

## 5. BACKGROUND

In line with the purpose of this strategy—which is to provide criteria and procedures for the selection of Contractors, Consultants and Attorneys from the approved Departmental Panels—the Department of Public Works and Roads established a series of pre-approved databases through an open and competitive bidding process. These databases were created to streamline procurement, reduce delays, and ensure fair and transparent sourcing of Service Providers. The open bidding process considered only qualifying and/or functionality criteria for inclusion in each panel, ensuring that only capable and compliant Service Providers were listed.

## 6. PANEL OF CONTRACTORS

A Panel of Contractors, covering the approved construction and maintenance disciplines, was established to improve turnaround times in appointing Contractors. Historically, the evaluation of large volumes of bids led to the expiry of bid validity periods, delays in project execution and under-expenditure within the Department.



### 6.1 Establishment of a panel

The panel was established in a fair, equitable and transparent manner because:

- 6.1.1 The tender for establishing the panel was publicly advertised, giving all eligible service providers an equal opportunity to compete; and
- 6.1.2 The inclusion criteria were clearly stated, and only bidders meeting the qualifying requirements were admitted to the panel.

### 6.2 Appointment process:

Contractors and Consultants to be sourced from the appointed departmental panels through formal Invitations with the following criteria: Selected bidders will still be subjected to project-specific functionality criteria; and

- 6.2.1 The invitation period will be shortened to **14 days** to enhance efficiency for normal bidding processes;
- 6.2.2 The invitation period will be shortened to **7 days** for emergencies, (e.g. disasters; unplanned works)
- 6.2.3 Number of bidders to be invited according to their CIDB Grading as follows:-
  - a) CIDB Grade 2 to 7, a maximum of 10 bidders;
  - b) CIDB Grade 8, a minimum of 10 to a maximum of 15 bidders;
  - c) CIDB Grade 9, a minimum of 10 to a maximum of 20 bidders;
- 6.2.4 For gardening services, the work will be allocated on a rotational basis, bidders will be required to quote for labour and overheads costs.

### 6.3 A panel of contractors consists of the following disciplines:

No.	Classes of Works	Code
1.	General Buildings	GB
2.	Civil Engineering	CE
3.	Electrical Engineering Works – Buildings	EB
4.	Electrical Engineering Works – Infrastructure	EP
5.	Mechanical Engineering	ME



6.	Asphalt works (supply and lay)	SB
7.	Building excavations, shaft sinking, lateral earth support	SC
8.	Corrosion protection (cathodic, anodic, and electrolytic)	SD
9.	Demolition and blasting	SE
10.	Fire prevention and protection systems	SF
11.	Glazing, curtain walls and shop fronts	SG
12.	Landscaping, irrigation and horticulture works	SH
13.	Lifts, escalators and travellers (installation, commissioning and maintenance)	SI
14.	Piling and specialised foundations for buildings and structures	SJ
15.	Road markings and signage	SK
16.	Structural steelwork fabrication and erection	SL
17.	Timber buildings and structures	SM
18.	Waterproofing of basements, roofs and walls using specialist systems	SN
19.	Water supply and drainage for buildings (wet services, plumbing)	SO
20.	Steel security fencing or precast concrete	SQ

## 7. PANEL OF BUILT ENVIRONMENT CONSULTANTS

A panel of consultants (across the built environment professional disciplines required for infrastructure projects) was established to accelerate the procurement of consultancy services. Previous experiences showed that long evaluation periods resulted in delays in design processes and negatively affected project implementation and expenditure performance.

### 7.1. Establishment of the panel

The panel was established fairly and transparently because:

- 7.1.1. The bid was openly advertised to all qualifying professional service providers; and
- 7.1.2. The inclusion criteria were clear and only compliant bidders were admitted.



**7.2. Appointment process:**

Consultants to be sourced from the appointed departmental panels through formal Invitations with the following criteria:

- 7.2.1. Selected bidders will still be subjected to project-specific functionality criteria; and
- 7.2.2. The invitation period will be shortened to **14 days** to enhance efficiency for normal bidding processes;
- 7.2.3. The invitation period will be shortened to **7 days** for emergencies, (e.g. Natural disasters; unplanned works)
- 7.2.4. Number of bidders to be invited as follows:-
  - a) A minimum of 10 to a maximum of 15 bidders; depending on the complexity of the project.

**7.3. The panel of consultants consists of the following disciplines:**

<b>No.</b>	<b>DISCIPLINES</b>
<b>1</b>	Architecture
<b>2</b>	Civil Engineering
<b>3</b>	Conveyancers
<b>4</b>	Electrical Engineering
<b>5</b>	Fire Engineer
<b>6</b>	Geotechnical Engineering
<b>7</b>	Land Surveyors
<b>8</b>	Mechanical Engineering
<b>9</b>	Occupational Health & Safety Management
<b>10</b>	Professional Landscape Architect
<b>11</b>	Project Manager
<b>12</b>	Property Broker
<b>13</b>	Property Valuer
<b>14</b>	Quantity Surveying
<b>15</b>	Real Estate Agent
<b>16</b>	Structural Engineering
<b>17</b>	Town/Urban Planner



### **7.3.1. Minimum Statutory Requirements for Consultants Appointments**

Identification of work for the following built environment professions:

- a) Engineering Council of South Africa (ECSA);
  - b) South African Council for the Architectural Professions (SACAP);
  - c) South African Council for the Landscape Architectural Professions (SACLAP);
  - d) South African Council for the Project and Construction Management Professions (SACPCMP);
  - e) South African Council for the Property Valuers Profession (SACPVP)
  - f) South African Council for the Quantity Surveying Profession (SACQSP).
- a) Code of Conduct for each Built Environment Profession.
  - b) Valid Professional Indemnity Insurance for design professionals.
  - c) Valid Professional Registration with the relevant Built Environment Council.
  - d) Valid Certificate of Good Standing with the relevant Built Environment Council.

### **7.4. Panel of Attorneys /Conveyancers**

A panel of Private Attorneys/Conveyancers was established to improve the turnaround time in appointing legal service providers. This intervention was necessary because the Department had previously experienced delays and inefficiencies at the Office of the State Attorney, which resulted in default judgments being granted against the Department. These default judgments led to avoidable financial loss, which could have been prevented with timely and adequate legal representation.



The establishment of this panel was fair, transparent and equitable, as demonstrated by the following measures:

- 7.4.1. The bid for the establishment of the panel was advertised as an open tender, ensuring that all eligible legal practitioners had an equal opportunity to apply for inclusion; and
- 7.4.2. The criteria for inclusion were clearly communicated to all bidders, and only those who complied with the prescribed requirements were considered for appointment.

The databases referred to above are renewable every three years through an open bidding process that assesses compliance with qualifying and functionality criteria. In addition, the databases may be replenished annually to ensure continuity of service and responsiveness to departmental needs.

When utilising the PriAate Attorneys/Conveyancers panel, appointments will be made on a rotational basis, ensuring fairness, transparency, and equitable access to work opportunities.

For legal services, private attorneys/ Conveyancers/ Notary will be allocated work on rotational basis.

A panel of consultants consists of the following disciplines:

No.	DISCIPLINES
1	Conveyancers
2	Notary
3	Attorneys



## **7.5. Establishment of the TMC Panel**

A panel of Travel Management Companies (TMCs) is established through an open, competitive bidding process, ensuring fairness, transparency, competitiveness, and equity.

The following principles apply:

- 7.5.1. The bid is advertised openly, allowing all qualifying travel agencies/TMCs to submit proposals.
- 7.5.2. Clear functionality and compliance criteria are applied during evaluation.
- 7.5.3. Only bidders meeting the minimum technical threshold and demonstrating capacity for government travel management services will be included in the panel.
- 7.5.4. The TMC panel will be valid for a period not exceeding three (3) years, renewable through an open tender process.
- 7.5.5. The panel may be replenished annually in accordance with National Treasury guidelines.

TMCs will be utilised on a rotational basis, ensuring equal opportunity and avoidance of supplier dominance. Rotation must be documented, monitored monthly and applied consistently across.

## **7.6. Work allocation**

For TMC, the work will be allocated on a rotational basis, fees to be applied according to approved SCM policy.

## **8. CONTRACTOR DEVELOPMENT PROGRAMME (CDP)**

The Contractor Development Programme (CDP) forms an integral part of this sourcing strategy. Its purpose is to advance the participation, growth and sustainability of emerging contractors, particularly those from Designated Groups as provided for in the PPPFA Regulations, National Treasury Guidelines, and CIDB prescripts.



## **8.1. Appointment Process**

- 8.1.1. For purposes of development there shall be set aside allocation projects as incubation for learners.
- 8.1.2. The Contractor Development Programme learners' projects allocation shall be exempted from the normal bidding processes.

## **8.2. Application of CDP within the Sourcing Strategy**

The CDP is applicable when:

- 8.2.1. A project has been identified as suitable for emerging contractor participation;
- 8.2.2. A bid has been set aside for Designated Groups or targeted development categories;
- 8.2.3. The Department intends to mentor and capacitate a contractor through on-the-job exposure;
- 8.2.4. A contractor is selected from the pre-qualified contractor panel and meets the eligibility requirements of the CDP;
- 8.2.5. A contractor is participating in a CIDB-recognised development programme aligned to DPWR objectives.

## **9. SOURCING CRITERIA**

It is presupposed that all pre-qualified contractors, consultants and attorneys included on the approved Departmental Panels possess the necessary competence, capacity and resources to perform work within their respective disciplines.

In order to comply with the principles of fairness, equity, transparency, competitiveness and cost-effectiveness as required by Section 217 of the Constitution, the following sourcing criteria will apply:



## 9.1. Role of the selection committee

The selection of Contractors, Consultants and Attorneys from the approved Departmental Panels is delegated by the Accounting Officer to the Selection Committee.

The Committee shall ensure that:

- 9.1.1. A meeting may only proceed where at least **50% + 1** of members are present;
- 9.1.2. Attendance registers and Declaration of Interest forms are completed and signed at every sitting;
- 9.1.3. The Secretariat records minutes of all meetings, to be approved by all members before submission to the Departmental Bid Adjudication Committee (DBAC);
- 9.1.4. Minutes clearly specify the methodology applied in conducting manual random and rotational selection;
- 9.1.5. A formal Selection Report is prepared and submitted to DBAC for recommendation and to the Head of Department for approval; and
- 9.1.6. All selection decisions are supported by a clear audit trail.

## 9.2. Selection criteria

### General Principles Applicable to All Panels:

- 9.2.1. Selection will be based on a manual random selection and rotational system, ensuring equal opportunity for all panel members;
- 9.2.2. The Selection Committee must exhaust the full list of eligible service providers before re-selecting the same bidder;
- 9.2.3. A Selection Register must be maintained for audit purposes;
- 9.2.4. Service providers appearing on the National Treasury Database of Restricted Suppliers or Tender Defaulters must not be considered;
- 9.2.5. Where companies have the same directors or ownership, only one entity may be selected to avoid limiting competition;



9.2.6. Any applicable Treasury Regulations or Instruction Notes must be complied with; and

9.2.7. For projects identified as set-asides for Designated Groups or the Contractor Development Programme (CDP), only qualifying suppliers from the relevant category may form part of the selection pool.

NB: Manual random selection refers to a transparent, non-automated process in which panel members randomly select contractors or consultants using a method that ensures fairness and impartiality. The method used—such as drawing numbers, shuffling lists, or using a pre-printed randomised list—must be recorded in the minutes. The Selection Committee must apply the chosen method consistently, document each step, and ensure that every eligible panel member has an equal opportunity of being selected before the rotation list restarts.

#### 9.4. Panel of Contractors – Selection Limits excluding Contractor Development Programme learners.

CIDB GRADING	MAXIMUM VALUE OF CONTRACT	MINIMUM BIDDERS	MAXIMUM BIDDERS
2	R1 million	10	10
3	R3 million	10	10
4	R6 million	10	10
5	R10 million	10	10
6	R20 million	10	10
7	R60 million	10	10
8	R200 million	10	15
9	No Limit	10	20

Contractors selected from the panel will additionally be subjected to project-specific functionality criteria.



### 9.5. Panel of Consultants – selection limits

CONTRACT VALUE RANGE (THAT THE CONTRACTOR IS CONSIDERED CAPABLE OF PERFORMING)	MINIMUM BIDDERS	MAXIMUM BIDDERS
R1 million – R50 million	10	10
R50.1 million – R200 million	10	15
Above R200 million	10	20

Contractors selected from the panel will additionally be subjected to project-specific functionality criteria.

### 9.6. Panel of Attorneys – Selection Principles

Appointments from the panel of Private Attorneys/Conveyancers will follow:

- 9.6.1. A rotational allocation system to ensure fairness and equitable distribution of work;
- 9.6.2. Where a specific legal matter requires specialised expertise, a motivated deviation may be submitted to the Head of Department for approval;
- 9.6.3. All appointments must be recorded in the Attorney Allocation Register to track allocation and prevent repetition; and
- 9.6.4. Only firms meeting the required professional registration and compliance standards may be selected.

### 9.7. Selection Limits for Attorneys / Conveyancers Panel

Litigation Attorneys – Selection Limits

MATTER CATEGORY	DESCRIPTION	SELECTION LIMIT
Category A (Low-Value Routine)	Labour disputes, minor contract matters, basic applications, unopposed motions.	Up to R1 mil (claim value/exposure)



MATTER CATEGORY	DESCRIPTION	SELECTION LIMIT
<b>Category B (Medium Complexity)</b>	Opposed motions, appeals, contractual disputes, administrative law reviews, civil matters with moderate complexity.	<b>R1 mil – R10 mil</b>
<b>Category C (High Complexity Specialist)</b>	High-value civil claims, constitutional matters, commercial litigation, high reputational risk matters.	<b>Above R10 million</b>

### Conveyancers – Selection Limits

TRANSACTION TYPE	DESCRIPTION	SELECTION LIMIT
<b>Routine Transfers</b>	RDP transfers, departmental housing, simple title transfers.	<b>Up to R5 mil</b>
<b>Complex Transfers</b>	Multiple-portion properties, encumbered properties, land restitution, sectional titles.	<b>R5 mil – R20 mil</b>
<b>Specialised / High-Value Transactions</b>	Expropriations, large-scale developments, servitudes, state portfolio transactions.	<b>Above R20 mil</b>

## 10. SET ASIDE PROVISIONS

(Applicable to both Contractor Development Programme and Designated groups.)

In terms of **Section 217(1)** of the Constitution, when an organ of state contracts for goods or services, it must do so through a system that is fair, equitable, transparent, competitive and cost-effective.



Section 217(2) permits organs of state to implement a procurement policy that provides for:

Categories of preference in the allocation of contracts; and

The protection or advancement of persons or categories of persons disadvantaged by unfair discrimination.

These constitutional provisions form the basis for applying set-asides as a preferential procurement mechanism.

#### **10.4. Legislative Basis: Section 17 – Set-Asides for Preferential Procurement**

In terms of Section 17 of the Preferential Procurement Regulations, the Department must set aside bids for designated categories of persons, subject to prescribed thresholds and conditions.

#### **10.5. Set-Aside Thresholds and Conditions**

The Department must:

10.5.1. Ensure that Programmes set aside bids for a qualifying category where the prescribed conditions are met; and

10.5.2. Ensure that the set-aside category contains a minimum number of potentially qualifying suppliers to enable fair competition within the Contractor Development Programme learners with equitable allocation.

#### **10.6. Qualifying Persons and Categories**

Set-asides may be applied to the following categories:

##### **10.6.1. Designated Groups**

- a) Black people;
- b) Women;
- c) People with disabilities;
- d) Military veterans;
- e) Youth; and



- f) Any of the above categories within a specific geographical area.

#### **10.6.2. Small Enterprises Owned By Designated Groups**

- 10.6.3. Black people;
- 10.6.4. Women;
- 10.6.5. People with disabilities;
- 10.6.6. Military veterans;
- 10.6.7. Youth ; and
- 10.6.8. Any of the above within a specific geographical area.

#### **10.6.9. Small Enterprises (General)**

- a) Small enterprises within a geographical area
- b) All small enterprises meeting prescribed conditions

### **10.7. Ownership and Citizenship Requirements**

- 10.7.1. Entities must meet the prescribed ownership percentages for the relevant category.
- 10.7.2. Qualifying entities must be owned by South African citizens in accordance with prescribed requirements.

### **10.8. Allocation of Set-Aside Bids**

A bid that is set aside must be allocated strictly in accordance with the prescribed criteria for that category.

Towards the end of Contractor Development Programme, learners will compete amongst themselves on projects set aside within their classes of work.

### **10.9. Identification and Allocation of Set-Aside Projects**

At the start of each financial year, the Department must:



10.9.1. Identify Set-Aside Projects

Infrastructure Programmes must identify and set aside projects to be allocated to Contractor Development Programme (CDP) learners; and designated groups.

10.9.2. Alignment with Departmental Planning Instruments

The identified projects must:

- a) Correspond to the targets in the Annual Performance Plan (APP);
- b) Be clearly reflected in the Departmental B5 Project Lists;
- c) Be included in the Approved Procurement Plan for the financial year.

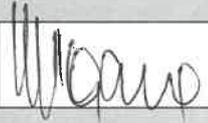
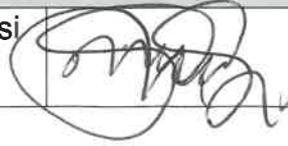
11. MONITORING AND EVALUATION

The Department must submit:

**Monthly progress reports** to the Accounting Officer detailing the implementation status of set-aside projects, allocation to designated groups, expenditure trends, and compliance with Section 17.

12. POLICY REVIEW

This Policy shall be reviewed every three (3) years. Any new instructions or updates will be issued through an addendum.

DESIGNATION	NAME	SIGNATURE	DATE
<b>RECOMMENDATION</b>			
Policy Review Chairperson	Ms N. E. Kgang		12/01/2026
<b>APPROVAL</b>			
Head Of Department	Mr M. I. Kgantsi		12/01/25

