

Practitioner Webinar

Preferential Procurement

Topics

- Preferential Procurement requirements



Preferential Procurement

Measures the extent to which enterprises procure from companies that are B-BBEE compliant.

Also encourages procurement spend on Small and Micro-enterprises and Black Owned Suppliers



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Preferential Procurement requirements

	New Weighting points	New Compliance targets	
1 BBEE Procurement Spend from all Empowering Suppliers	→ 5	80%	Bonus points B-BBEE Procurement Spend from designated group supplier that are at least 51% Black owned
2 B-BBEE Procurement Spend from Empowering Suppliers who are Qualifying Small Enterprises	→ 3	15%	
3 B-BBEE Procurement Spend from Exempted Micro Enterprises	→ 4	15%	Procurement spend multiplied by a factor of 1.2 for 3yr contract with - SD beneficiary - First time supplier
4 B-BBEE Procurement Spend from Empowering Suppliers that are >51% Black owned	→ 9	40%	
5 B-BBEE Procurement Spend from Empowering suppliers that are >30% Black women owned	→ 4	12%	

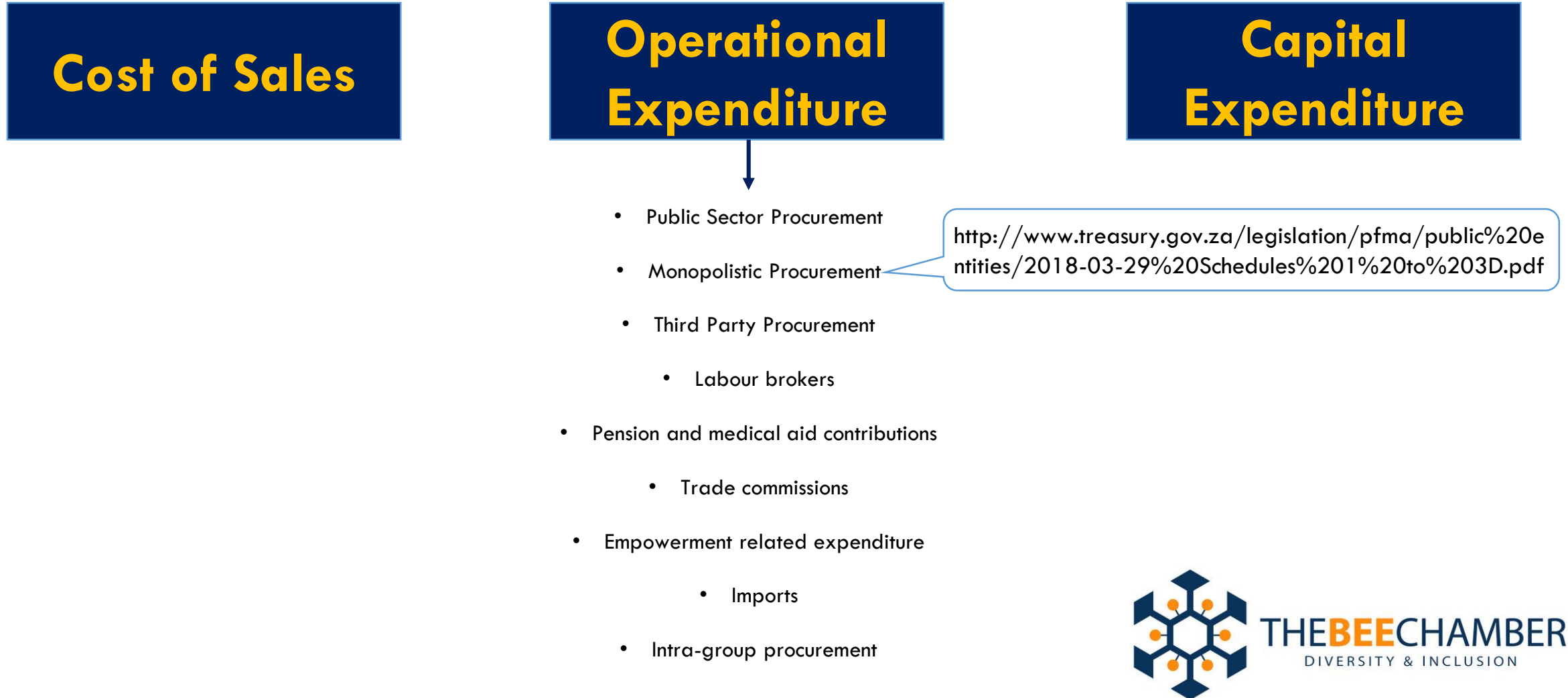


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Key measurement Principles

- Total measured procurement spend
- Exclusions from total measured Procurement spend
- Measurement of B-BBEE Procurement spend
- Calculation of PP contributions to B-BBEE

Total measured procurement spend



Exclusions from total measured Procurement spend

Tax

Salaries

**Pass-through
third party
procurement**

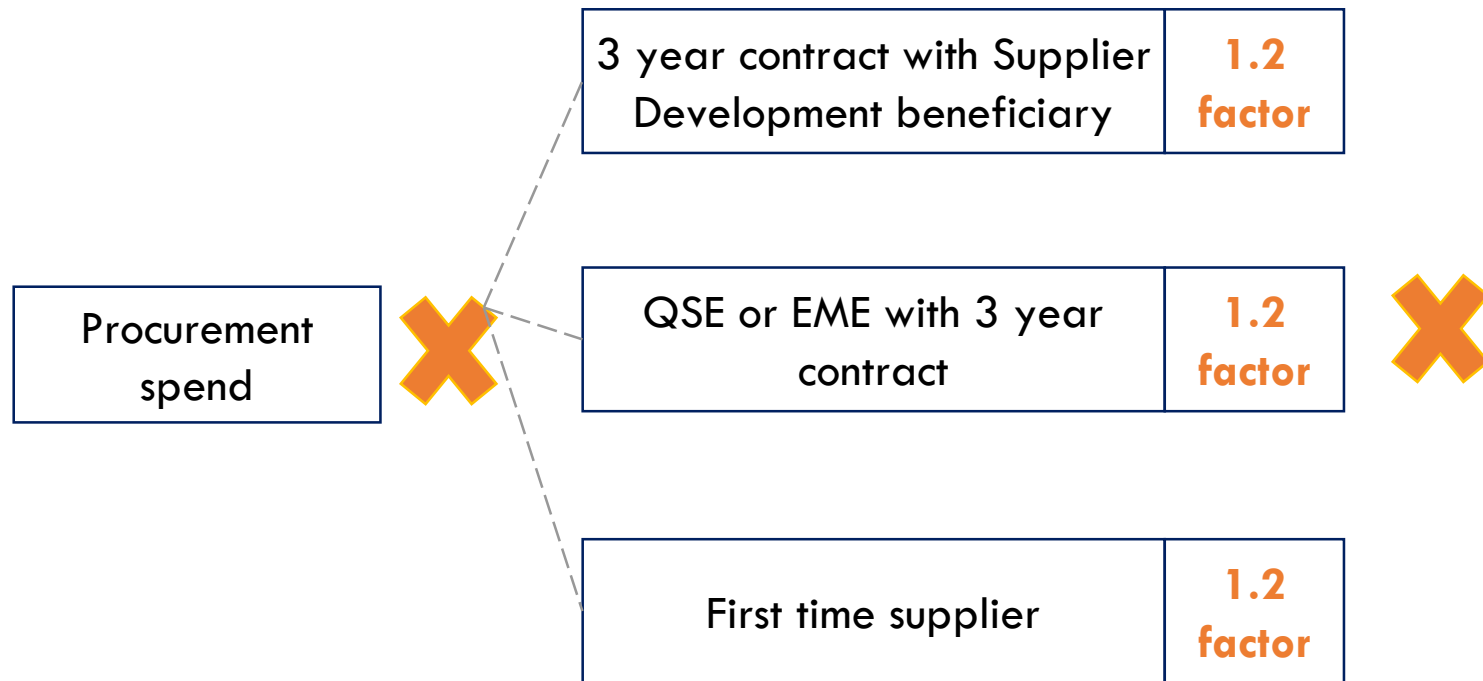
Imports

**Empowerment
related
procurement**



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Measurement of B-BBEE Procurement spend



Contribution Level	BEE Recognition
Level One Contributor	135%
Level Two Contributor	125%
Level Three Contributor	110%
Level Four Contributor	100%
Level Five Contributor	80%
Level Six Contributor	60%
Level Seven Contributor	50%
Level Eight Contributor	10%
Non Compliant Contributor	0%

Must know Definitions

- B-BBEE Owned Company
- Black Designated Group
- Empowering Supplier (when its revised/reinstated)
- Exempted Micro Enterprise
- 51% Black Owned
- 51% Black Women Owned
- 30% Black Women Owned
- Qualifying Small Enterprise
- Supplier

Find these definitions
in the video library
on our App and
website

www.bee.co.za