



# GUIDELINES FOR APPLICATION OF EMPOWERMENT SCHEMES

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### (i) RESERVED PROCUREMENT

Bidding under reserved tenders is open only to citizen contractors and or the identified target group. Based on the type of procurement, the PE assesses the most appropriate scheme and reserves the tender accordingly.

The current applicable reservations should be observed;

	<b>WORKS</b>	<b>SERVICES</b>	<b>SUPPLIES</b>
<b>CEEP</b>	<p><b>Citizen Consultants;</b></p> <ul style="list-style-type: none"> <li>✓ Building Construction - up to P 150 million</li> <li>✓ Civil works – up to P 48 million</li> <li>✓ Electrical &amp; Mechanical – up to P 4.8 million</li> <li>✓ Water Engineering – up to P 24 million</li> <li>✓ Water Exploration – up to P 1.2 million</li> </ul> <p><b>Citizen Contractors;</b></p> <ul style="list-style-type: none"> <li>✓ Grades OC to B (<i>all disciplines reserved</i>)</li> <li>✓ Building Construction - up to P 7.2 million</li> <li>✓ Civil works – up to P 20 million</li> <li>✓ Electrical &amp; Mechanical – up to P 960,000.00</li> <li>✓ Water Engineering – up to P 800,000</li> <li>✓ Roads Ancillary works (<i>all Grades</i>)</li> <li>✓ Fencing (<i>all Grades</i>)</li> </ul>	<p><b>Citizen Consultants;</b></p> <ul style="list-style-type: none"> <li>✓ Information Technology Consultancy – up to 3 million</li> <li>✓ Accountancy – up to P 1.2 million</li> <li>✓ Other Consultancies – up to P 720,000.00</li> </ul>	<p><b>Citizen Contractors;</b></p> <ul style="list-style-type: none"> <li>✓ Information Technology Supplies – up to 3 million</li> <li>✓ Citizen owned companies – up to P10 Million; <ul style="list-style-type: none"> <li>- Manufacturing essential and vital medicines;</li> <li>- Manufacturing non-essential medicines</li> <li>- supplying essential and vital medicines and Laboratory reagents, supplies and medical equipment</li> <li>- supplying non-essential medicines provided they are not manufactured in Botswana</li> <li>- supplying non-essential laboratory reagents and supplies and minor medical equipment and consumables/accessories provided that they are not manufactured in Botswana</li> </ul> </li> </ul>
<b>EDD</b>	<p><b>Local Contractors;</b></p> <p>In the procurement of works contracts or construction related</p>	<p><b>Local Service Providers;</b></p> <p>Printing and Publishing; Catering Services;</p>	<p><b>Local manufacturers;</b></p> <p>Textile and Wearing Apparel; Stationery; Chemicals; food; Wooden/Steel Furniture and</p>

	<p>projects the bidder must provide a list of local suppliers who will be contracted to supply the material (locally produced). The ITT should issue a Returnable Document Form T2.2GN (Declaration Form for EDD) that has to be submitted by all bidders.</p> <p><b>Note: Failure to provide the list of locally produced materials and services, in the CAB Memo, and where they will be procured from, will lead to disqualification.</b></p>	<p>Cleaning Services; various Consultancies; Engineering Services; Funeral Parlour; Hospitality and Tourism Services; ICT Services; Media and Public Relations; Professional Services; Security Guard Services; Transport and Logistics Services; Broadcasting Services</p> <p><b>Applicable Preference Margins; Company Turn-Over</b></p> <ul style="list-style-type: none"> <li>• Small scale- up to P5m: 15%</li> <li>• Medium scale- P5m - P19.99m: 10%</li> <li>• Large scale -P20m and above: 5%</li> </ul> <p>**as per EDD certificate</p> <p>Note; The bidder must provide a list of local suppliers who will be contracted to supply the locally produced products and the materials. The ITT should issue a Returnable Document Form T2.2GN (Declaration Form for EDD) that has to be submitted by all bidders.</p> <p><b>Note: Failure to provide the list of locally produced materials and services, in the CAB Memo, and where they will be procured from, will lead to disqualification.</b></p>	<p>Upholstery; Animal Feeds; Arts &amp; Crafts; Construction Materials; Pharmaceuticals; Leather, Wood, Plastic, Paper Products; Electrical Products; Steel Fabrication and Metal Product; Agricultural Produce; ICT Products</p> <p><b>Applicable Preference Margins; Company Turn-Over</b></p> <ul style="list-style-type: none"> <li>• Small scale - up to P5m: 15%</li> <li>• Medium scale- P5m - P19.99m: 10%</li> <li>• Large scale -P20m and above: 5%</li> </ul> <p>**as per EDD certificate</p>
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<b>LPS</b>	<p><b>Ministries should reserve a quota of at least 20% of the value of their annual procurement budget to the LPS target groups.</b></p> <p>Projects under the micro procurement threshold should be reserved to youth, women and people living with disability, provided contractors in the target group, providing the required supplies, services or works are available in the locality.</p> <p><b>Applicable (cumulative) Preference Margins;</b></p> <ul style="list-style-type: none"> <li>• Woman - 3%</li> <li>• Youth – 3%</li> <li>• People with Disability - 3%</li> <li>• Rural setting – 3%</li> <li>• Employment – 3%</li> </ul>
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**Points to Note;**

- ✓ **Once a tender is RESERVED under the applicable Scheme / Policy, no other Schemes may apply in that same tender.**
- ✓ **The Ministry of Investment Trade and Industry (MITI) list of local products and service providers is not exhaustive hence PEs should not close out products and services which do not appear on the list provided there is proof that such product and or services are locally provided.**

**EXAMPLES;**

**Reservation under CEEP**

A consultancy or construction tender reserved for 100% citizen contractors, in line with the existing CEEP shall allow participation of citizen contractors only.

**Reservation under EDD**

A tender reserved for local manufacturers, in line with EDD, shall allow participation of locally registered manufacturers only. Such manufacturers will further be awarded preference margins in the tender in line with the issued EDD certificate (i.e. 15% for up to P5 million turnover/ 10% for above P5 million but below P20 million or 5% for P20 million and above.

Procuring Entities should seek authority from PPADB or its Committees, LAPAD Committees and Parastatal Tender Committees, as applicable, to procure products produced outside the country.

**Reservation under LPS**

A micro-procurement tender reserved for Youth, Women and People Living with Disability (PLWD), shall allow participation of the target group only. The participants will further be awarded cumulative price preference margins as applicable under LPS (Woman - 3%; Youth – 3%; People with Disability - 3%; Rural setting – 3%; Employment – 3%)

(ii) **PRICE PREFERENCE – for tenders that are not reserved**

**Important: Where a tender is not reserved and open to all potential bidders irrespective of ownership and domicilium, then such a tender shall allow application of Price Preference margins of the three various empowerment schemes however bidders shall only benefit from the empowerment scheme with the highest preference margin. PEs shall ensure that there is no “double-dipping” in tenders and that contractors do not benefit, cumulatively, from more than one price preference scheme.**

<b>WORKS / SERVICES / SUPPLIES</b>	
<b>CEEP</b>	<p><b>Applicable Preference Margins; Consultants;</b></p> <ul style="list-style-type: none"> <li>• 100 % Citizen – Owned JV - 10%</li> <li>• 100% Citizen Owned associations/consortia -10%</li> <li>• 100% Citizen Owned companies - 9%</li> <li>• Majority Citizen Owned JV’s 7%</li> <li>• Majority Citizen Owned associations/consortia 6%</li> <li>• Majority Citizen Owned companies 5%</li> <li>• Minority Citizen Owned JV’s 4%</li> <li>• Minority Citizen Owned associations/consortia 4%</li> <li>• Minority Citizen Owned companies 3%</li> </ul> <p><b>Applicable Preference Margins; Contractors;</b></p> <ul style="list-style-type: none"> <li>• 100 % Citizen – owned JV 6%</li> <li>• 100% Citizen Owned associations/consortia 6%</li> <li>• 100% Citizen Owned companies 5%</li> <li>• Majority Citizen Owned JV’s 4%</li> <li>• Majority Citizen Owned associations/consortia 4%</li> <li>• Majority Citizen Owned companies 3.5%</li> <li>• Minority Citizen Owned JV’s 3%</li> <li>• Minority Citizen Owned associations/consortia 3%</li> <li>• Minority Citizen Owned companies 2.5%</li> <li>• Foreign Owned/100 % Citizen-owned JV 4%</li> </ul>
<b>EDD</b>	<p><b>Local Manufacturers and Service Providers;</b></p> <ul style="list-style-type: none"> <li>• Small scale - up to P5m: 15%</li> <li>• Medium scale- P5m - P19.99m: 10%</li> <li>• Large scale -P20m and above: 5%</li> </ul> <p><b>**as per EDD certificate</b></p>
<b>LPS</b>	<p><b>Youth, Women, People Living with Disability;</b></p> <ul style="list-style-type: none"> <li>• Outright 15% for Open Tenders within the DATC Threshold.</li> </ul> <p><b>** LPS shall only be applicable in tenders that do not exceed the DATC threshold of the locality.</b></p>

### **Preference under LPS threshold**

For tenders within the DATC threshold – an outright 15% price preference for the target group (Women, Youth, People Living with Disability (PLWD)) shall apply as per the Local Procurement Scheme.

Those that do not fall under the LPS spectrum but are either EDD registered or fall under the CEEP Price Preference for Contractors & Consultants shall be awarded the appropriate margin in line with the EDD and CEEP.

#### **Note:**

- **LPS shall not be applicable in tenders that exceed the DATC threshold of the locality.**
- **Where a bidder qualifies under more than one scheme, then the highest preference margin shall be applied; i.e. If a youth owned company (Service Provider) that is EDD registered qualifies for 10% preference under EDD and 15% preference under LPS preference, the PE shall apply the highest preference margin of the two (i.e. 15%).**

### **(iii) SUB-CONTRACTING UNDER THE CEE POLICY**

For large projects (under Works and ICT Services) it is mandatory that non-citizen contractors awarded Government contracts sub-contract a maximum of 30% of the total cost of the project to citizen-owned contractors.

Further, non-citizen contractors are mandated to transfer skills to the sub-contracted citizen-owned contractors.

Price preference for non-citizen owned construction and ICT companies are further awarded price preference margins in line with the percentage of work sub-contracted to citizen companies;

23 -30% subcontracting	- 6% preference
16 - 22% subcontracting	- 4% preference
10-15% subcontracting	- 2% preference
5-9% subcontracting	- 1% preference

### **CONCLUSION;**

PEs have the responsibility to;

- ✓ Ensure that there is no “double-dipping” in tenders, where a contractor benefits, cumulatively, from more than one price preference scheme. Only one scheme will be used to benefit a bidder.
- ✓ Monitor implementation of empowerment schemes and submit reports on what has been achieved.