



small business
development

Department:
Small Business Development
REPUBLIC OF SOUTH AFRICA

**APPOINTMENT OF SERVICE PROVIDER TO SUPPORT THE DEPARTMENT OF
SMALL BUSINESS DEVELOPMENT (DSBD) TO DEVELOP AND UPDATE OF THE
NATIONAL ENTREPRENEURSHIP STRATEGY**

RFQ XXXX

DATE ISSUED : 09 November 2023

CLOSING DATE AND TIME : 23 November 2023

TENDER BOX ADDRESS

Supply Chain Management
77 MEINTJIES STREET
1ST FLOOR, BLOCK G
The dti Campus
SUNNYSIDE,
0001

1. BACKGROUND

According to the SME South Africa study conducted in 2018, the survival rate of South African SMMEs is low. In 2016, most small enterprises, including micro-enterprises, did not survive beyond 5 years, with only less than 20% of businesses surviving beyond the first five years. In fact, over 70% fail in less than two years of being in operation. These estimates support the argument that South African small enterprises are fundamentally nascent in nature; they are fragile, operate in the survivalist stage of development and thus unable to grow, become resilient and make a meaningful contribution to the economy. South Africa's low ratio of early stage to established business activity indicates potential difficulties in replenishing the country's business base in the future, which is an issue because value added self-employment and entrepreneurship are needed to absorb labour surplus, especially among youth segment of the population, to spur innovation and to drive sustainable growth.

The absence of a "cultivating" effective and integrated entrepreneurial ecosystem in South Africa presents challenges to the longevity and sustainability of these businesses to evolve into medium-sized enterprises. The South African entrepreneurial ecosystem exhibits several weaknesses. These include lack of access to finance (particularly prevalent during the start-up phase (1-3 years) when entrepreneurs are considered high risk and lack the requisite creditworthiness (balance sheet strength) to obtain financial support from commercial banks. In addition, the readiness of entrepreneurs to identify and exploit opportunities is largely dependent on their capabilities, skill levels and ability to identify and understand market needs. Deficiencies in skills can hinder access to markets and prevent product and customer development. A further challenge is a cumbersome and unfriendly regulatory framework, which is difficult for entrepreneurs to navigate, and which poses additional administrative burdens. The COVID-19 pandemic negatively impacted SMMEs, and youth and women-owned businesses now face additional electricity supply challenges. Youth unemployment levels continue to remain very high due to the slowing down of the country's economic growth and the many obstacles to setting up and operating a profitable small business.

South Africa is in the midst of a major economic transformation, and entrepreneurship is at the heart of its potential success. Entrepreneurship is a key factor in driving economic growth, creating new jobs, and boosting the country's competitiveness. Therefore, it is essential for the DSBD to adopt a comprehensive entrepreneurship strategy to ensure its success in the future.

South Africa's population is growing rapidly and its economy is becoming increasingly diversified. Entrepreneurship is a major driver of economic growth and job creation, as it encourages innovation and increases productivity. This, in turn, can help reduce poverty and inequality, as well as provide economic opportunities for the country's underserved populations.

However, the country's current economic situation is not conducive to entrepreneurship. Low levels of education, high levels of unemployment, and the lack of access to capital are among the main obstacles to entrepreneurship. It is in this context that this assignment needs to explore a framework of enhancing entrepreneurship in the country based on an understanding of prevailing conditions in the developing world and drawing insights from international best practice.

Entrepreneurs often struggle to access the resources they need to make their businesses successful. To address this, South Africa needs an entrepreneurship strategy that will focus the efforts and maximise the ability of the DSBD, broader Government and key actors to provide the necessary support and resources to its entrepreneurs.

A National Entrepreneurship Strategy (NES) is needed in order to better equip the DSBD to:

- a) To provide a framework for the development and support of entrepreneurs in South Africa.
- b) Support the development of entrepreneurs as a specific economic actor category by better understanding the nature, needs, challenges, operating requirements and economic value potential of different categories of entrepreneur;
- c) Better align, enable and possibly equip and co-ordinate various ecosystem role players to better support the culture and activity of entrepreneurship;
- d) Improve broader Government understanding of the nature, value and role of entrepreneurs and the need to cultivate this sector;
- e) Define the need for development of progressively better segmentation and other models of the entrepreneur sector to drive improved resource allocation, programme development and service delivery;
- f) Build a national culture of entrepreneurship to encourage, support and recognize the social, economic and competitive value of entrepreneurs to the country.

The DSBD, with various partners, has started developing a National Entrepreneurship Strategy (NES) to guide the work of the DSBD in synergy and alignment with existing and planned strategic instruments such as the NISED Masterplan, the DSBD SMME Funding Policy, the Business Development Services and Incubation Policy, and the work of its agencies.

A specialist service provider is required to support the DSBD to develop the National Entrepreneurship Strategy. The service provider will be required to conduct a research review in entrepreneurship and to consult with various stakeholders.

2. SPECIFICATION OF WORK REQUIRED / SCOPE OF WORK

The specialist service provider is required to assist DSBD with the following:

2.1 Literature review and document findings, information collection and data analysis in order to enhance and inform the Draft NES.

This will include the following:

- 2.1.1 Collation and analysis of South African, SADC, African/continental(developing countries), BRICS and other key country comparative statistics on Entrepreneurship looking at relevant indices(including but not limited to Total Entrepreneurial Activity, business discontinuance rate, National Entrepreneurial Context Index, Global Entrepreneurship Index etc)
- 2.1.2 Provision of trends and comparative analysis information of this data and key relevance for SA
- 2.1.3 Capturing agreed key case studies of programmes, initiatives, policy and programme approaches from South Africa, SADC, African/continental, (developing countries) and relevant focus areas
- 2.1.4 Data and information sources to be provided to the DSBD for maintenance and updating going forward
- 2.1.5 Data and information is not to be older that 5 years

2.1.6 Deliverables include:

- 2.1.6.1 Data analysis report on Entrepreneurship
- 2.1.6.2 At least 6 case studies
- 2.1.6.3 Supporting slide presentation/s

2.2 Consultation session to inform and enhance the NES.

This will include:

- 2.2.2 Targeted consultation session linked to the existing draft NES

2.2.3 Thematic consultation sessions / focus group discussions linked to the existing draft NES.

2.2.4 Assistance with facilitation of the sessions to ensure relevant information to inform the draft NES is obtained.

2.2.5 Capturing key outcomes to inform and update draft NES.

2.2.6 Deliverables include:

2.2.6.1 Up to 10 consultation sessions will be done in various formats,

2.2.6.2 Summary of key outcomes from consultation sessions to be provided,

2.3 *Finalising the draft NES*

This will include:

2.3.1 Updating and enhancing the existing draft NES information by 1 and 2 above

2.3.2 Sharing the updated draft at DSBD Manco and Exco/ decision-making structures

2.3.3 Provision of a final draft NES

2.3.4 Inclusion of DSBD inputs and comments on the draft

2.3.5 Deliverables include:

2.3.5.1 1 x updated and enhanced NES draft version due by end November 2023

2.3.5.2 1 x Final draft NES by the end of the assignment

2.3.5.3 Accompanying slide presentations

2.4 The project will have the following key steps/stages:

2.4.1 Briefing and inception on work already completed and in place.

2.4.2 Consultation process including one-on-one interviews, thematic focus groups and consultation workshops.

2.4.3 Additional information collection: case study examples to enhance aspects of the NES, SA, SADC, African, BRICS and relevant international country statistics/data.

2.4.4 Updating and refining of draft NES strategy.

2.4.5 Finalisation of the strategy and supporting materials and information (presentation slides and supporting media/materials)

2.4.6 Presentation of the final strategy to DSBD governance structures.

2.4.7 Project closure and handover

The DSBD will provide the logistic and other arrangements for the project. The DSBD has collected existing information and data that will be shared to assist and inform this project.

The project will have some risks that need to be identified and managed/mitigated in the implementation process. The DSBD will do the necessary introductions and assist with arrangements for the service provider to engage with key sector stakeholders and role players.

3. Service providers quoting for this work needs to have experience in the following:

3.1 Experience and knowledge of the entrepreneurship ecosystem in South Africa and related SADC/continent - at least 4 years of experience. (Portfolio of evidence of similar work completed by the main contractor).

3.2 Qualification of service provider and the project management team should have the following competencies:

a) Research competencies, data analysis and basic entrepreneurial indicator analysis.

b) Good report writing (as part of the Portfolio of Evidence)

3.3 Experience with government and SMME policy and strategy development work – at least 4 recent project examples.

3.4 Experience with implementation of various entrepreneurship initiatives/programmes/policies in different sectors and with different role players – at least 4 years relevant experience.

4. DELIVERABLES

The expected deliverables and related payment milestones for this project are as follows:

Deliverable	Expected milestones (timeframe)	Payment milestone
1. Inception Report		10%
2. Literature review and data analysis Report Additional information collection (as defined above) and approved by project manager.		(15 %)
3. Consultation reports finalised.		20%
4. Updating of the strategy (1 st draft version) – format		20%

Deliverable	Expected milestones (timeframe)	Payment milestone
to be provided by the project manager. Produce an Updated Draft NES Strategy		
5. Final NES strategy document & supporting materials (DSBD Exco approved)		25%
6. Project closure & handover report (Project manager approved)		10%
		100%

5. ESTIMATED DURATION

The work will start in November 2023 and will end 31 March 2024.

6. QUOTATION: COSTS AND FEES

The service provider is requested to provide an all-inclusive cost for the project. Daily rates with anticipated days per team member / expert need to be provided. Any anticipated travel and disbursements also need to be detailed and keep to government rates and limits.

7. EVALUATION CRITERIA

The 80/20 principle will be applied in evaluating the proposal. Please note that the proposals/bids will follow a three-phased evaluation process as follows:

7.1 Phase 1: Preliminary evaluation (Compliance evaluation)

Supply Chain Management will conduct a preliminary compliance evaluation of all proposals and only those that have complied in terms of procurement requirements (i.e., registered on CSD, tax complaint and any other requirement that would have been indicated in the bid document). Please complete Annexure A

7.2 Phase 2: Functionality Evaluation

The second phase will be the evaluation to determine the capability of the service provider to deliver on the specified requirements. The following key score shall be applied for the evaluation of functionality. Only service providers that score 70% and above on functionality will go through to Phase 3.

Measurement Matrix for Proposal

Scoring System					
0	1	2	3.5	4	5
Does not comply with the requirements	Poor (significantly below requirements)	Average (below requirements)	Good (Satisfactory and meets the requirements)	Very Good (Above average compliance to the requirements)	Excellent (Exceeds the functionality requirements)

No	Category	Weight
1.	Understanding of the scope	30
	Poor understanding of the scope = 1	1
	Partial understanding of the scope= 2	2
	Adequate understanding of the scope = 3.5	3.5
	Adequate understanding of the scope and added insights provided=4	4
	Adequate understanding of the scope and added insights provided and value-add provided for the project=5	5
2.	Experience and knowledge of the entrepreneurship ecosystem in South Africa and related SADC/continent	15
	Organisation has less than 2 years' experience = 1	1
	Organisation has 2-3 years' experience = 2	2
	Organisation has 4 years' experience = 3.5	3.5
	Organisation has 5 years' experience =4	4
	Organisation has more than 6 years' experience = 5	5
3	Research competencies, data analysis and basic entrepreneurial indicator analysis.	10
	Provide 1 examples of research, data analysis and basic entrepreneurial indicator analysis work done.	1
	Provide 2 examples of research, data analysis and basic entrepreneurial indicator analysis work done.	2
	Provide 3 examples of research, data analysis and basic entrepreneurial indicator analysis work done.	3.5
	Provide 4 examples or more of research, data analysis and basic entrepreneurial work done.	4
	Provide 5 examples of research, data analysis and basic entrepreneurial work done.	5

No	Category	Weight
4	Good report writing (as part of the Portfolio of Evidence)	10
	Example of a research report or policy/strategy or a case study draft. (any 1 of the 3 documents requested).	1
	Example of a research report or policy/strategy or a case study draft. (any 2 of the 3 documents requested).	2
	Example of a research report, policy/strategy and case study draft.	3.5
	Example of a research report, policy/strategy and case study draft published in a publication.	4
	Example of a research report, policy/strategy and case study draft published in an accredited academic journal.	5
5	Experience with government, SMME policy and strategy development work	20
	Organisation has less 2 projects = 1	1
	Organisation has 2-3 projects = 2	2
	Organisation has 4 projects= 3.5	3.5
	Organisation has 5 projects=4	4
	Organisation has more than 6 projects = 5	5
6.	Experience with implementation of various entrepreneurship initiatives/programmes/policies in different sectors and with different role players	10
	Organisation has less than 2 years' experience = 1	1
	Organisation has 2-3 years' experience = 2	2
	Organisation has 4 years' experience = 3.5	3.5
	Organisation has 5 years' experience =4	4
	Organisation has more than 6 years' experience = 5	5
7.	Project approach and planning	5
	Poor planning and approach for the project = 1	1
	Partial planning and approach for the project = 2	2
	Adequate planning and approach for the project = 3.5	3.5
	Adequate planning and approach for the project but added insights provided and managed=4	4
	Adequate planning and approach for the project, with added insights and risk management provided and managed= 5	5
	Total	100

A functionality score of less than **70 points** will eliminate the proposal for further evaluation for preference points and price.

7.3 Phase 3: Price and Specific Goals Contribution

Only bidders that score least 70 points and above out of 100 points on Functionality will be considered, which will determine the bidder (s) to be recommended for approval by the delegated authority. The 80/20 Preference points system will be applied using the below formula to calculate price:

The following formula will be used to calculate the points for price: Criteria	Points
Price Evaluation $P_s = 80 \left(1 - \frac{P_t - P_{\min}}{P_{\min}} \right)$	80

Where,

P_s = Points scored for comparative price of bid under consideration

P_t = Comparative price of bid under consideration

P_{\min} = Comparative price of lowest acceptable bid

In terms of Regulation 4(2); 5(2); 6(2) and 7(2) of the Preferential Procurement Regulations, preference points will be awarded to a bidder for attaining the Specific goals status level of contribution in accordance with the table as set out in the Preference Points Claim Form (SBD 6.1).

Table 1: Specific goals for the tender and points claimed are indicated per the table below. *Note to tenderers: The tenderer must indicate how they claim points for each preference point system.*

The specific goals allocated points in terms of this tender	Number of points allocated (80/20 system) (To be completed by the organ of state)	Number of points claimed (80/20 system) (To be completed by the tenderer)
BEE Compliance Based on Section of the BBBEE Act (Act 53 of 2003 as amended by Act 46 of 2013)	2	
	Level 1 = 2 pts Level 2 = 1,75 pts Level 3 = 1,5 pts Level 4 = 1,25 pts Level 5 = 1 pts Level 6 = 0,75 pts	

	Level 7 = 0,5 pts Level 8 = 0,25 pts Non-compliant contributor= 0	
Size of Enterprise (SMMES): MICRO, SMALL, MEDIUM ENTERPRISES	8	
	Micro = 8 Small = 5,6 Medium = 3,2 Large = 0,8	
Spatial (Rural/ Township/ City)	4	
	Rural = 4 Township = 2,4 City = 0,8	
Youth and Non-Youth	6	
	Youth = 6 None-Youth = 1,8	

8. **Condition of Contract**

Please note that the General Conditions of Contract (GCC) shall be applicable.

The bid must be signed by authorized official in your consultancy firm.

9. **Special Conditions**

- a) Service providers are expected to attend a compulsory virtual briefing session. Please find details on the cover page of this document. **Important Special Condition in respect to the compulsory briefing session:** Failure of the prospective bidders to attend the compulsory briefing session will invalidate the prospective bidders bid.
- b) Shortlisted candidates/ organisations will be required to present their proposal to the evaluation committee as part of the selection process. The service provider should provide a proposal following the structure above. Tenders should be submitted with electronic copy and six (6) hard copies.
- c) DSBD reserves the right to reject any proposal found to be inadequate or non-compliant to the Terms of Reference.
- d) The Bidder may not intend to assign, in whole or in part, any of its obligations to perform in terms of the contract to any third party, unless disclosed and prior consent is obtained in writing.
- e) A bidder may not intend to cede his right to payment in terms of a contract to a third party without prior written consent.

- f) DSBD may reject a bid if doesn't comply with the instruction of submission of the proposal referred to above.

10. Additional Terms and Conditions

- (i) A bidder shall not assume that information and/or documents supplied to DSBD, at any time prior to this request, are still available to DSBD, and shall consequently not make any reference to such information document in its response to this request.
- (ii) Copies of any affiliations, memberships and/or accreditations that support your submission must be included in the tender.
- (iii) In case of proposal from a joint venture, the following must be submitted together with the proposal:
 - a) Joint Venture Agreement including split of work signed by both parties.
 - b) A valid B-BBEE certificate of the joint venture.
 - c) Proof of ownership/shareholder certificates/copies of Identity document; and
 - d) Company registration certificates.
- (iv) An omission to disclose material information, a factual inaccuracy, and/or a misrepresentation of fact may result in the disqualification of a tender, or cancellation of any subsequent contract.

11. IMPORTANT NOTICES

Submission of the bid must submit together in two envelopes, i.e., comprehensive proposals (**Envelope 1**) and financial proposal (**Envelope 2**) – there should be one original and two copies of each, as well as one (1) Flash Drive containing all the documents as listed in the Tender.

12. Enquiries

Direct all content specific questions to:

Ms. Pulane Masebe

Telephone: 0648707211

Email: PMasebe@dsbd.gov.za

Direct all tendering processes questions to:

dsbdtenders@dsbd.gov.za

Ms. Lillian Mabina

Telephone: 012 394 5466

Email: LMabina@dsbd.gov.za

ANNEXURE A

Please note this checklist must be completed and submitted together with the **Financial Proposal**
(Envelope 2)

Document that must be submitted	Non-submission may result in disqualification?	
Invitation to Bid – SBD 1	YES	Complete and sign the supplied pro forma document
Tax Status Tax Clearance Certificate –	YES	i. Written confirmation that SARS may on an ongoing basis during the tenure of the contract disclose the bidder's tax compliance status. (Refer Section 4.1.4) ii. Proof of Registration on the Central Supplier Database (Refer Section 4.1.5) iii. Vendor number iv. In the event where the Bidder submits a hard copy of the Tax Clearance Certificate, the CSD verification outcome will take precedence.
Declaration of Interest – SBD 4	YES	Complete and sign the supplied pro forma document
Preference Point Claim Form – SBD 6.1	YES	Non-submission will lead to a zero (0) score on BBBEE
Document that must be submitted	Non-submission may result in disqualification?	
Bidder Compliance form for Functional Evaluation	YES	Complete and sign
Registration on Central Supplier Database (CSD)	YES	The Service Provider must be registered on the Central Supplier Database (CSD). If you are not registered proceed to complete the registration of your company prior to submitting your proposal. Visit https://secure.csd.gov.za/ to obtain your vendor number. Submit proof of registration.
Functional Proposal including Mandatory documents (Envelope 1)	YES	Submit a functional proposal in line with the Terms of Reference including the SBD documents above.
Pricing Schedule (Envelope 2)	YES	Submit full details of the pricing proposal



MOJALEFA MOHOTO

ACTING DEPUTY DIRECTOR-GENERAL

ENTERPRISE DEVELOPMENT, ENTREPRENEURSHIP, AND INNOVATION

DATE: 07/11/2023