

Laws and Regulations Generally Promoting SMEs/Local Content

Full Description

?Listed below are some sample laws and regulations that promotes SMEs or Local Content :

- [Honduras](#)
- [Sierra Leone](#)
- [South Africa](#)

Find more examples at the [Laws and Regulations on Inclusion of SMEs in PPPs](#) section or download the summary of sample provisions [here](#).

Honduras

Reference: [Law for the Promotion and Protection of Investments](#)

This law considers both foreign and domestic investment as a primary interest of the State and sets out the basis for attracting, promoting and protecting such interests. For example, one provision creates Agrobusiness Export Parks in order to increase agricultural production through investment in infrastructure that would at the same time promote the inclusion of national agriculture micro, small or medium enterprises (MIPYMEs) in the value chains of the exporting enterprises operating in the parks.

Sierra Leone

Reference: [Sierra Leone Local Content Policy](#)

This policy was issued in order to boost the economy by leveraging the power of the local industries and Sierra Leone citizens through their participation in the economy. For example, it indicates that:

- In all enterprises operating in any sector of the economy; at least 20% of the managerial and 50% of intermediate positions shall be held by Sierra Leonean citizens. The respective ratio will be increased over the time and after 5 years of establishment will stand at 60% for managerial positions and 80% for intermediate positions. (Section 6.3.4.4)
- A foreign company that partners with Sierra Leonean firms will be granted preferential treatment when competing against companies with no percentage of equity share ownership by Sierra Leonean firms or citizens. (Section 6.3.5)
- That 20% of the equity shares of every registered foreign entity in Sierra Leone should belong to Sierra Leoneans.(6.3.5.5)

Reference: [Sierra Leone Local Content Agency Act](#)

This Act was passed to provide development of all sectors of the economy through the incorporation of local content in their productive activities. The Act establishes several aspects of the local content inclusion process such as the Sierra Leone Local Content (SLC) Agency. It also creates a fund to support suppliers,

exporters and importers; details provisions for employment and training of citizens; generates a SLC certification, scorecard, and a performance report; and establishes several rules for tendering processes.

The Act also requires bidders and subsequently, operators to submit a Sierra Leonean Content Plan each year to demonstrate compliance with local content requirements. The Plan must indicate “how an operator or contractor will give first consideration to Sierra Leonean companies, materials, goods and products made in Sierra Leone, including specific examples showing how first consideration is considered and assessed in evaluation of bids for materials, goods and products required by the project, operations or activity.”

The Sierra Leonean Content Plan must also detail:

- Local content that will be utilized in the production process and the percentage increase in such usage over time.
- extent to which joint ventures, alliances and other forms of collaboration between foreign and Sierra Leonean manufacturing enterprises will be used to increase the manufacturing capacity and knowhow of Sierra Leonean enterprises.

South Africa

Reference: [Preferential Procurement Policy Framework Act, 2000: Preferential Procurement Regulations](#)

This document is the revised version of the 2011 Preferential Procurement Regulations which aims to not only cover women, black people, people with disabilities, but also give a major emphasis to small and medium enterprises. Some aspects of this Act include:

- Prequalification criteria: This allows for only qualifying categories of companies to participate in the process. Other companies could participate if they demonstrate that they would subcontract any of those categories of companies. (Section 4.1)
- “An organ of state must, in the case of a designated sector, advertise the invitation to tender with a specific condition that only locally produced goods or locally manufactured goods, meeting the stipulated minimum threshold for local production and content, will be considered.” (Section 8.2)
- If feasible to subcontract for a contract above R30 million, the procuring entity must apply subcontracting to advance designated groups. In the tender, it must be established that the successful tenderer must subcontract a minimum of 30% of the value of the contract to SME and the other individuals covered by the Act.