

## APPENDIX 5

### Information about 'in kind' contributions

'In kind' contributions include, for example, the use of personnel for the benefit of the project, in order to subsequently make effective use of the available knowledge, technologies and concepts of the collaborating partners for the benefit of the project. The valuation of 'in kind' contributions concerns tailor made solutions, which means the municipality and tenderer will reach agreement regarding the valuation of the contribution before entering into the contract. The basic rule for such tailor made solutions is that the rates used are non-profit. It's also important that 'in kind' contributions can always be directly attributed to the project and realising its objectives.

The following thereby applies:

- The value of the in kind contribution must be verifiable by an accountant.
- The value of in kind contributions forms part of the project's (annual) budget.
- The value is fair, reasonable and explainable to third parties. The municipality understands fair contributions to be those based on, for example, catalogue values, market prices and current license fees.
- The tenderer avoids double counting. Double counting arises, for example, by applying integral cost price calculations and the valuing of individual contributions from personnel, infrastructure, facilities.
- Where labour costs are concerned, the hourly rate is built up from direct salary costs (per annum), divided by the number of productive hours (per annum) with a maximum surcharge of 25% for overheads.
- The hourly rate will form part of the negotiations and will be capped if this is deemed necessary.
- The purchase value of any physical matters used (eg hardware, machines, etc) may be stepped up in proportion to the applicability for the project.