

**TENDER COMMITTEE FOR THE ERONGO REGIONAL
ELECTRICITY DISTRIBUTOR COMPANY
(PTY) LTD**

Tender Procedures

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1 INTRODUCTION

The purchase of any supplies or the allocation of any contracts for works or services, the cost of which is in excess of N\$75 000, is subject to the procedures and conditions contained in this manual. Tenders will be invited, examined, evaluated and awarded in accordance with this procedure by the Manager Financial Administration, Tender Committee or Board as is appropriate. The Business Units may handle orders up to N\$75 000.

Erongo RED's Procurement Procedure shall: -

- _ aim to acquire high quality products at reasonable prices
- _ be open, fair and non-discriminatory
- _ promote efficiency
- _ be simple and provide benefits to Erongo RED, suppliers and customers
- _ promote and encourage local industries where possible

2 PROCEDURES

Procurement of supplies or letting of contracts for works or services will be subject to one of the following procedures:

2.1 Standard Stock/Non Stock

The Manager Financial Administration may issue standard stock and non stock orders up to N\$75 000 without Tender Committee approval. It is the duty of the Manager Financial Administration to satisfy himself/herself (prove with documentary evidences) that, wherever possible, every effort has been taken to ensure that the price is competitive and the quality is acceptable. This would involve obtaining three competitive quotations in writing. The Manager Financial Administration shall also be responsible for maintaining a record of quotations sought and received.

2.2 Tender Conditions for Capital and Non Stock Purchases

2.2.1 Details of Tender Documents

An application addressed to the Secretary of the Tender Committee, indicating the requirement of the particular supplies, service or the work to be performed, should be in sufficient time to enable a tender to be called by public notice or otherwise. Preparation of all tender documents prior to submission to the Secretary is the responsibility of the Head of the Business Unit concerned.

2.2.2 Numbering and Description of Tenders

- a. Tenders will be assigned a number by the Secretary of the Tender Committee prior to the advertisement or invitation for tender, and this number must be stated on all the documents.
- b. The Secretary will maintain a register of all tender numbers issued, together with a brief description of the goods or contracts for works or services required, issue and returnable dates, type of tender and any special conditions attached thereto.

2.2.3 Instructions to Tenderers (for Public and Selective Tenders)

The notices calling for tenders must state the details or required supplies, services or works and should include the following information:

- a. Closing and opening date and time;
- b. Period of validity of tender;
- c. That no tender will be considered unless it is delivered by the closing time and at the place specified in the tender documents;
- d. That it shall be the responsibility of the tenderer to ensure that completed tender submissions are delivered and deposited in the appropriate tender box;

- e. That Erongo RED is not bound to accept the lowest or any tender or to assign any reason for acceptance or rejection of such tenders.

2.2.4 Extension and Clarification of Tenders

Any formal request for an extension to the tender period must be received by Secretary at least 14 (fourteen) days before the tender expiry date and, if acceptable to the Tender Committee, shall be communicated to all tenderers. Clarification of any matters relating to the tenders should be limited to those which, if not communicated to the tenderers, may affect the preparation of tender bids. All such clarifications provided to any tenderer should be circulated to all other tenderers.

2.2.5 Receipt of Tender (Public and Selective Tenders)

- a. Tenders received by the Secretary will be initialled by him with the date and time of receipt and deposited in the appropriate tender box.
- b. Each box shall have two locks requiring different keys, one kept by the Manager Financial Administration and the other by the Secretary. The box will be opened and cleared of tenders at the appointed hour as stated in the tender documents.
- c. The envelopes containing the tenders shall be opened by the Secretary in the presence of such tenderers attending the tender opening and the Secretary shall announce the names of the tenderers, total amount of each tender and any alternative tenders if they have been requested or permitted. The Secretary will number the tenders and record the details in a schedule.
- d. The schedule and the tender documents will be signed and dated by the Secretary and his/her assistant and the original will be retained by the Secretary.
- e. The duplicate copy of the schedule with the tenders will be sent to the Business unit requiring the goods or works for evaluation.
- f. Any tender received by the Secretary through the normal post or courier service and placed in a tender box, or received by any other means, after the closing date and time shall be returned, unconsidered and unexamined, to the tenderers with a statement as to when it was received.

2.2.6 Evaluation and Awarding of Tenders

The business unit concerned should compare, evaluate and then recommend in the prescribed form the outcome of the quotations. The outcome of the tender evaluation should be communicated through the Manager Financial Administration for Tender Committee approval as is appropriate.

3 EXAMINATION, EVALUATION AND COMPARISON OF TENDERS

3.1 Examination

Following the opening, it should be ascertained whether material errors in computation have been made in the tenders, whether the tenders are substantially responsive to the tender documents, whether the referred sureties have been provided, whether the documents have been properly signed and whether the tenders are otherwise generally in order. If a tender is not substantially responsive to the tender documents, or contains unacceptable qualifications, it should be rejected, unless it is an alternative tender, permitted or requested under the tender documents. A technical analysis should then be made to evaluate each responsive tender and to enable tenders to be compared.

3.2 Evaluation and Comparison of Tenders

3.2.1 Financial aspects

The purpose of the tender evaluation is to determine the cost of each tender to Erongo RED in a manner that will permit a comparison of tenders on the basis of their evaluated cost. The tender with the lowest evaluated cost, but not necessarily the lowest submitted price, should be judged the most cost advantageous offer.

3.2.2 Criteria for Evaluation

The primary stage of evaluation is to verify the accuracy of tender prices, identify those tenders which are commercially acceptable, subject to normal negotiation procedures and are able to meet the technical requirements of the specifications and the conditions set out in the tender document. Tenders not able to satisfy the criteria should be assessed as non-compliant and rejected. Having identified the non-compliant tenders, the secondary stages of evaluation should place the remaining tenders in order of merit. The order should reflect the degree of difficulty that is expected in bringing each tender to compliance at an equitable end of contract price. In arriving at the order of merit the following factors should be taken into consideration:

- a. The efficiency and compatibility of the equipment;
- b. Operating cost where applicable;
- c. The availability of after-sales service and spare parts;
- d. The reliability of construction methods proposed;
- e. The financial resources available to the tenderer.

The factors should be expressed in monetary terms, or given a relative weight in the evaluation process of the tender documents. For comparison of all tenders, the currency or currencies of tender prices for each tender should be valued in terms of Namibian Dollar. Normally the rates of exchange to be used in such evaluation should be the selling rates published by an approved banking institution on the day tenders are opened. Should there be significant changes in the relative value of the currencies before the award is made, the exchange rates prevailing at the date of evaluation of tenders should be used. Where possible labour intensive projects should be given consideration during the evaluation process.

3.2.3 Report of Evaluation

A detailed report on evaluation and comparison of tenders setting out the specific reasons on which the decision for the award of the contract, or rejection of all tenders, is based, should be prepared by the business unit concerned. If a consultant has been employed to evaluate a tender, an individual assessment and recommendation from the relevant Head of Business Unit must accompany the consultant's report.

4 EXTENSION OF VALIDITY OF TENDERS AND CLARIFICATION OF TENDERS

4.1 Extension of Validity of Tenders

In the event of the assessment of tenders not being completed within the period of the validity of the tenders, an extension of time may be requested from the tenderers. In these circumstances Erongo RED should re-negotiate the validity period by exchange of a letter of fax. Those who are willing to extend the validity of the tenders should neither be required nor permitted to modify their tenders.

4.2 Clarification on Alterations of Tenders

Except as otherwise provided in this procedure, no tenderer should be permitted to alter his bid after the first tender has been opened. Only clarifications not changing the substance of the tender may be accepted. Erongo RED may ask any tenderer for a clarification of his tender but should not ask any tenderer to change the substance or price of his tender.

5 **AWARD OF TENDERS**

- a. The Committee will be convened to consider the tenders. All recommendations accompanied by all relevant tender documents must be received by the Secretary at least three working days before the meeting of the Tender Committee. The Head of Business unit concerned may request the presence of any other officer whose technical advice is required by the Tender Committee. Officers who are not members of the Tender Committee may be asked to withdraw before the Committee discusses the final recommendations for the award of the contract. The Committee should then consider the tender in the light of the information received.
- b. In making an award the Tender Committee shall act in Erongo RED's best interest being guided amongst other things by considerations of economy, efficiency, standardisation, the interests of local manufacturers and suppliers, and the contractual reliability of tenderers.
- c. The Tender Committee may reject any tender or part thereof if it considers it not to be in accordance with tender specifications. Details of the reasons for not accepting the lowest tender should be recorded in the minutes.
- d. The award of the tender should be made within the period specified for validity of tender, to the successful tenderer being the tender with the lowest evaluated cost, and who meets the appropriate standards of capability and financial resources.
- e. The award of a contract shall be made by majority vote of the Tender Committee subject to ratification by the Board as is appropriate.
- f. A contractor whose tender has been accepted will be required to execute a formal contract drawn up by the Manager Financial Administration in the terms of form shown in the tender documents incorporating the conditions of tender, conditions of contract, technical specification and schedules, any drawings annexed thereto or to be provided or approved by Erongo RED together with all documents to which reference may be properly made in order to ascertain the rights and obligations of the parties. This is essential in the following cases:-
 - Contracts for supply and installation of plant or equipment.
 - Contracts for building or civil engineering works.
 - Contracts for consultancy services.
 - Maintenance Contracts.
 - Contracts for hire of equipment or labour.
 - Contracts for provision of annual supply requirements.
 - Copies of all approved contracts together with the reports should be sent immediately after signature to the General Manager Finance and Corporate Services
- g. In addition, in the case of contracts for building, civil engineering or other engineering contracts, the successful tenderer should be requested to provide a performance guarantee entered into with an approved banking institution for the sum stated in the tender document; any such guarantee should be lodged with the Manager Financial Administration. If the contractor fails to produce the guarantee and sign the formal contract within 14 days of notification, then his tender may be cancelled at the discretion of the Tender Committee.
- h. The Tender Committee's decision and awards will be notified formally in writing by the Manager Financial Administration.

- i. The successful awarding of the contracts shall be followed by detailed ordering letters or purchase orders signed by the Manager Financial Administration and incorporating the Tender/Contract References and the value of the award.

6 SELECTIVE TENDER PROCEDURE

Pre-qualifications are normally advisable for large or complex contracts to ensure, in advance of tendering, the invitation to tender is confined to capable firms. Public Tender Procedure may be dispensed with and replaced by selective Tender Procedure on authority of either the Tender Committee or the Board in the following circumstances:

In the case of civil engineering, building or other engineering work of a specialised or unusually complex nature, or for the procurement of specialised equipment or services including consultancies, provided that the relevant Head of Business unit satisfies the Tender Committee or the Board that it is in Erongo RED's interest to apply Selective Tender Procedure. Pre-qualification should be based entirely upon the ability of interested firms to perform the particular work satisfactorily, taking into account, inter-alia:

- experience and past performance on similar contracts;
- capability and availability of resources, i.e. personnel, equipment and plant; and
- financial status.

The Heads of the relevant Business Units should inform the Tender Committee in detail of the procedures and criteria to be followed in calling for an evaluating Selective Tenders. All such procedures and criteria should be approved by the Tender Committee in accordance with these regulations prior to the invitation of Selective Tenders. The list of pre-qualified firms together with a statement of qualifications and the reasons for exclusions of any applicant from pre-qualifications should be furnished to the Tender Committee for approval before the applicants are notified.

7 EXEMPTION FROM TENDER PROCEDURE

Request for exemption should be made in writing to the Tender Committee via the Secretary accompanied by full details to justify the exemption, supported by supplier's quotations where applicable. The Tender Committee may approve purchases without reference to the Tender Procedure in the following instances:

- a. Where the goods and/or work required are of a specialised or proprietary nature and there is no compatible alternative, or there is a clearly established policy of standardisation.
- b. Where the goods and/or work required are proprietary in character and obtainable only from one source of supply, or where essential after-sales services cannot be obtained without purchase from one source.
- c. Where the urgency of the service precludes tendering. The cause for the urgency must be established beyond doubt and placed on record in the application for approval. In exceptional cases, the need for early delivery may justify direct procurement, from a qualified supplier of similar equipment. In this case, to ensure reasonable economy in procurement, it may be necessary to obtain quotations from a limited number of suppliers.
- d. Where there is an extension of an existing contract and there are no clear advantages from further tendering. In these cases, it should be proved that the prices are reasonable.

8 STANDARDISATION

It is necessary to standardise on certain equipment, machinery and procedures on account of efficiency, economy and ease of maintenance; Erongo RED has adopted a number of standards and will continue to monitor them on an ongoing basis. The practice is not restricted to engineering disciplines only and shall apply to other areas where standardisation is useful.

9 BREAKDOWN ORDERS

In the event of a genuine breakdown, an order is to be placed by the Procurement Division immediately, bypassing all normal procedures of obtaining quotes etc. Speed of delivery takes precedent over cost, and the purchase may therefore not necessarily be at the lowest possible price. A request is completed and authorised by the relevant Business Unit, General Manager or Head of Business Unit to authorise the breakdown requirement. The breakdown system may only be used for genuine cases; otherwise it will lose its urgency and credibility.