

**NamPower**

# **TENDER AND PROCUREMENT POLICY**

FINAL

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## Table of Contents

1. INTRODUCTION.....	4
2. EXCLUSION .....	4
3. GOALS .....	4
4. DEFINITIONS.....	6
5. STATEMENT OF INTENT .....	9
6. CONFIDENTIALITY .....	10
7. PRODUCT QUALITY .....	10
8. REGULATORY REQUIREMENTS .....	10
9. EMPLOYEE/CONSULTANT CONFLICT OF INTEREST .....	11
10. VALUES AND CODE OF CONDUCT .....	11
11. ROLES AND RESPONSIBILITIES .....	12
12. GENERAL PROCUREMENT PROCEDURES .....	15
13. TENDER BOARD .....	16
14. ADMINISTRATION OF TENDERS .....	19
15. SOLICITATION OF TENDERS AND QUOTATIONS.....	23
16. TWO ENVELOPE SYSTEM .....	25
17. TWO-STAGE TENDERING PROCESS .....	25
18. PRE-QUALIFICATION OF SUPPLIERS.....	26
19. REQUEST FOR INFORMATION (RFI).....	26
20. REQUEST FOR PROPOSAL (RFP).....	26
21. EXPRESSION OF INTEREST (EOI).....	27
22. APPOINTMENT OF CONSULTANTS .....	27
23. PROCUREMENT BY CONTRACT .....	27
24. EXEMPTION FROM TENDER PROCESS/ MINIMUM OF 3 QUOTATIONS REQUIREMENT ..	28
25. EX POST FACTO RATIFICATION OR APPROVAL .....	30
26. STANDARDISATION OF EQUIPMENT .....	31
27. DIRECT NEGOTIATIONS .....	32
28. PREPARATION OF QUOTATIONS AND TENDER SPECIFICATIONS .....	32
29. EVALUATION OF TENDERS, QUOTATIONS AND PROPOSALS .....	33
30. TENDER CLARIFICATIONS.....	34
31. CANCELLATION OF QUOTATIONS .....	35
32. CANCELLATION OF TENDERS .....	36



33.	AWARDING OF TENDERS AND QUOTATIONS .....	36
34.	COMMUNICATION OF TENDER ADJUDICATION OUTCOME TO TENDERERS.....	39
35.	MEDIA COVERAGE .....	40
36.	VARIATION OF SCOPE OF WORKS OF CONTRACT .....	40
37.	RISK MANAGEMENT .....	40
38.	TENDER SECURITY.....	41
39.	PERFORMANCE SECURITY.....	41
40.	SUPPLIER PERFORMANCE EVALUATION .....	42
41.	SUPPLIER MISCONDUCT OTHER THAN BREACH OF CONTRACT .....	42
42.	BLACKLISTING OF SUPPLIERS .....	43
43.	PREFERENTIAL PROCUREMENT.....	44
44.	VENDOR REGISTRATION.....	45
45.	VENDOR CLASSIFICATION .....	46
46.	ETHICS AND FAIR DEALINGS.....	46
47.	FRAUD AND CORRUPTION .....	47
48.	LABOUR RELATIONS .....	47
49.	SAFETY, HEALTH AND ENVIRONMENT .....	47
50.	DISPOSALS .....	47
51.	SPECIAL PROJECTS FINANCED BY EXTERNAL INSTITUTIONS.....	48
52.	ENFORCEMENT OF THE POLICY .....	48
53.	BREACH OF THE POLICY .....	48
54.	APPROVAL AND DELEGATED AUTHORITY.....	49
55.	REVISION HISTORY .....	50
ANNEXURE 1 .....		51
ANNEXURE 2 .....		58



## **1. INTRODUCTION**

The purpose of this policy document is to set procedures for NamPower staff members to ensure compliance with varying statutory requirements whilst allowing NamPower to meet its objectives.

This policy applies to all procurement processes and activities undertaken by NamPower, including purchasing, ordering, tendering, contracting and disposals. It applies to all types of goods and services with the exception of the procurement of electricity which is done through the Power Purchase Agreements in place from time to time, real estate property acquisitions and other non-procurement expenditure, such as that relating to sponsorships, donations and employment contracts.

NamPower recognizes that, in a climate of rapid change and stringent financial objectives, the company must manage the procurement function so as to:

- Remain focused on its core functions and objectives;
- Take advantage of available economies of scale;
- Improve risk management in high-value, high risk procurement activities; and
- Position NamPower to take advantage of emerging technologies such as electronic commerce and the use of electronic funds transfer when paying supplier accounts.

## **2. EXCLUSION**

The Trustees of the NamPower Provident Fund and the directors of NamPower subsidiaries shall have the discretion to utilise the provisions of this Policy, in whole or in part, in the procurement of their goods and services.

## **3. GOALS**

The overall goal is to maintain at all times a continuous supply of goods and services necessary to support the operations of NamPower. The Procurement Section gives prime consideration to NamPower's interests while seeking to maintain and promote long-term, mutually profitable and ethical supplier relationships.

Some segments of this responsibility are to:

- ENSURE uninterrupted delivery of acceptable quality of goods and services, at the right time and price.

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- ENSURE that procurement is undertaken in an ethical, transparent and professional manner by enforcing strict control over the invitation for tenders/ quotations, receipt of tenders/ quotations as well as the adjudication and award process.
- DEVELOP reliable alternate sources of supply to meet NamPower's requirements.
- TREAT all financial, commercial and technical information submitted by suppliers as confidential in order to preserve a good business reputation and obtain competitive prices.
- COMPLY, in all respects, with the Namibian anti-corruption laws and all other applicable Namibian laws without qualification or evasion.
- PURCHASE materials and services for NamPower's use at the maximum end-user value per dollar spent.
- RESOLVE complaints on all purchased goods and services.
- PROVIDE leadership in the standardization of materials, supplies, equipment, service and procedures.
- PROVIDE leadership for the management of inventories of purchased goods so as to meet the user requirements of NamPower at the lowest possible cost.
- DISPOSE of, to the best advantage, all material and equipment declared to be obsolete.
- IMPLEMENT and adhere to the NamPower Black Economic Empowerment (BEE) policy as it relates to the procurement and tendering processes.
- PROMOTE effective competition through procurement methods appropriate to market conditions.
- PROMOTE value-added activities and skills development of the workforce.
- ENCOURAGE competitive Namibian businesses to enhance their capacity to invest, innovate and grow.



- PROTECT NamPower's reputation by applying high standards of Governance to the Procurement Function.
- MITIGATE contract risk.

#### 4. DEFINITIONS

**Approved Supplier** means a supplier that has been pre-qualified by NamPower for the purpose of supplying to NamPower particular products and/ or services.

**Bid** means a sealed bid or offer document submitted in response to a request for tenders, request for proposals, request for quotations or expression of interest and containing detailed information on requirements and terms associated with a potential contract.

**Black Economic Empowerment (BEE)** is defined as an integrated and broad-based socio-economic process aimed at redressing the inequalities created by the past discriminatory system, within the context of the country's National Development Programme.

**Board of Directors or Board** means the Board of Directors of NamPower.

**Board Tender Committee** means a committee consisting of members from the Board of Directors of NamPower established to consider and approve tenders in accordance with the Scheme of Delegated Authority.

**Bush order** is a pro-forma order issued to employees to use in purchasing low value items such as tyres while travelling inside the country.

**Business Unit (BU)** means a department within NamPower.

**Combative Practices** are unethical and /or illegal activities used by individuals in procurement like suggestions to fictitious lower quotations, exploiting errors in tenders and soliciting tenders from Tenderers whose names appear on the list of restricted suppliers and or persons. Restricted suppliers are those suppliers contemplated in Clause 42.

**Consultant** means a person or organisation engaged under contract, on a temporary basis, to provide recommendations and/or high level specialist services or professional advice to assist decision making by management. Generally it is the advisory nature of the work that differentiates a consultant from other contractors.

**Contract** means a written agreement between two or more parties enforceable by law.

**Ex Post facto approval or ratification** means the retroactive consideration and approval of a purchase or purchase transactions after the goods have been delivered or services rendered without a valid Purchase Order being issued or a contractual arrangement between NamPower and the supplier being established prior to the delivery of goods or services. It is a procedure to be used only in exceptional circumstances on good cause shown, which allows for review and ratification of actions which were not undertaken in conformity with the normal procurement and award processes.

**Expression of Interest (EOI)** is the process by which suppliers indicate their interest in submitting a tender to provide goods or services.

**Goods / Supplies** means machinery, equipment, materials, plant or other works, and includes related services such as transportation, insurance, installation, commissioning, training, and initial maintenance which form the basis of the procurement process.

**Personal interest** is a situation in which someone who must make a decision in an official or professional capacity may stand to gain personally from the decision thereby creating a potential conflict of interest.

**PDN** means Previously Disadvantaged Namibian as defined in the Affirmative Action (Employment) Act

**Preferential Procurement** is a deliberate procurement strategy which is intended to give effect to an enabling environment for increasing the participation of previously disadvantaged Namibians and SMEs in NamPower's procurement activities as well as promote training and skills transfer through partnerships and joint ventures.

**Preferred Supplier Agreement** is an agreement between NamPower and a supplier designated as a preferred supplier following a selective process, which offers NamPower the best value for money in a particular category of goods or services, in a number of individual purchase transactions, over a period of time.

**Pre-qualification of Tenderers** is a process of calling for Expressions of Interest, Request for Proposal or Request for Information on a pre-qualification basis for the procurement of Goods/ Services and registering such pre-qualified Tenderers for the procurement by means of a Selective Tender.

**Procurement** - refers to the acquisition of goods and / or services, or the selling and/ or letting of assets by NamPower in accordance with this Tender and Procurement Policy.

**Procurement Officer** means an individual acting on behalf of NamPower that performs the procurement functions.

**Pro-forma order** means an order limited to a specific maximum monetary value issued to specific employees to use in purchasing specific low value goods and services without compelling the employee to obtain three quotations.

**Public tender** (also Open Tender) means a tender where any supplier can participate

**Quotation** is a written offer made in response to an invitation to supply specified goods or to perform a service.

**Registered Suppliers** are prospective Suppliers that have been registered on the NamPower supplier database.

**Request for Information (RFI)** is the process by which suppliers are requested to supply information about their ability to provide goods, services and equipment.

**Request for Proposal (RFP)** is the process by which suppliers are invited to provide a proposal for supply of goods, services and works where the requirements cannot be quantitatively and qualitatively expressed in the specifications at the time when the solicitation is issued (e.g. consulting or similar services, purchase of complex goods where requirements may be met in a variety of ways).

**Selective Tender** is an invitation to a limited number of pre-qualified tenderers to supply specified goods or to perform a service as set out in the relevant tender document.

**Services** mean a measurable physical output such as maintenance, construction, installation, commissioning, transportation, security services, training and similar operations including consulting services.

**Sole source procurement** means the procurement which, by virtue of the performance specifications, is deemed to be available from only one supplier.

**Small and Medium Enterprises (SMEs)** are small, medium and micro enterprises that either employ less than 50 employees and have annual turnover of less than N\$2 million.



**Tender** is an offer to supply goods or services in response to an official request from NamPower whose acceptance is at NamPower's discretion.

**Tender Board** is a committee referred to in Clause 13.1

**Tender Board Member** means a permanent or an alternate member of the Tender Board.

**Tender Procedures** are those as outlined in this Tender and Procurement Policy and its Guidelines as amended from time to time.

**Tenderer** means a party that submits a bid or offer document in response to a request for tenders.

**Term Contract** (also referred to Period Contract) is a contract entered into for the supply of goods or the rendering of services over a certain period.

**Unsolicited Tenders** are tenders or proposals that are received outside a normal tendering process.

**Value for money** (VfM) is the core principle that underpins the procurement process so as to ensure the best available procurement outcome is achieved. VfM is determined by evaluating all proposals for a particular procurement activity against the applicable evaluating criteria and assessing all relevant risks, costs, and benefits on a whole of life basis. A decision on price alone does not represent best value for money.

## **5. STATEMENT OF INTENT**

- 5.1. It is NamPower's intention that its procurement activities are strictly controlled yet streamlined and effective in its operation. Therefore, all quotations, tenders and orders shall be executed by the Procurement Section of NamPower. Furthermore, all tenders and quotations and the purchase of supplies and/or the allocation of contracts for goods and services will be subject to the rules and regulations of the NamPower Tender and Procurement Policy.
- 5.2. The Tender and Procurement Policy shall be read and used in conjunction with the Guidelines to the Procurement Policy, the NamPower Code of Conduct, the Fraud Prevention and Response Policy and the Black Economic Empowerment (BEE) Policy.
- 5.3. Where there is a conflict between the policies cited in 5.2 above, the NamPower Code of Conduct followed by the Fraud Prevention and Response Policy shall take precedence.



## **6. CONFIDENTIALITY**

- 6.1. NamPower honours the right of each supplier to require confidentiality in all procurement transactions. Therefore, all quotations and tenders received shall be treated as confidential and no information shall be disclosed to third parties unless this has been agreed upon by the tenderer/supplier or disclosure has been stipulated as a condition of quotation/tender.
- 6.2. Information relating to the examination, clarification, and evaluation of tenders and recommendations concerning awards shall not be communicated to the public and shall remain confidential at all times.
- 6.3. Only the names of participating Tenderers and where appropriate, the total price of their respective tenders may be disclosed to participating Tenderers at tender opening. No further information shall be provided to any Tenderer regarding the proposal submitted by any other Tenderer.

## **7. PRODUCT QUALITY**

- 7.1. NamPower's main objective in procurement is to obtain the required quality, in the appropriate quantities, at the best price, value for money and delivery time, while minimising business risks.
- 7.2. The normal method for all procurement activity therefore shall be by means of a tender/quotation system requiring goods and services from reputable suppliers.

## **8. REGULATORY REQUIREMENTS**

- 8.1. All NamPower procurement activities must comply with relevant Namibian legislation and government policies that promote:
  - 8.1.1. Fair, equitable and transparent procurement procedures
  - 8.1.2. The application of preferential procurement principles where applicable
  - 8.1.3. The application of BEE and other social development policies where applicable
  - 8.1.4. Occupational health and safety requirements
  - 8.1.5. Sound Environmental Practices
  - 8.1.6. Sound Labour Relations
  - 8.1.7. The government's trade policies and regulations.
- 8.2. NamPower will enforce to the extent possible circumstances that prevent NamPower from doing business with certain suppliers; e.g. suppliers that failed to fulfil contracts, failed to pay tax or dodged their affirmative action obligations

## **9. EMPLOYEE/CONSULTANT CONFLICT OF INTEREST**

- 9.1. To maintain confidence in NamPower's impartiality, objectivity and transparency in procurement, it is of great importance that there is no conflict of interest between the personnel handling the matter and the Tenderers.
- 9.2. Any NamPower employee who is involved in the procurement process has the obligation to inform the Tender Board in writing of his/her personal interest in any company before participating in any procurement process.
- 9.3. Tenderers and their officers, employees, agents and advisors are obliged to inform NamPower in writing of any relation they have or had with any NamPower employee that may be construed as a conflict of interest or insider trading.
- 9.4. No Tenderer may offer an inducement and no NamPower employee may accept such inducement in connection with the preparation or lodgement of their tender.
- 9.5. Under no circumstances shall a NamPower employee be involved in any decision regarding a purchase process in which he/she has any personal interest. No NamPower employee shall be present at the Tender Board meeting where he/she has any personal interest in any issues discussed at that meeting.
- 9.6. No employee, his/her firm or its subsidiary shall be allowed to tender for a project in which that employee, his/her firm or its subsidiary were involved in the development or formulation of the specifications for that project or where his/her access to inside information, which in the sole discretion of the Tender Board, can be regarded as a conflict of interest or which shall be considered to be or create the impression of insider dealing.
- 9.7. No consultant, his/her firm or its subsidiary shall be allowed to tender for a project in which that consultant, his/her firm or its subsidiary were involved in the development or formulation of the specifications for that project or where his/her access to inside information, which in the sole discretion of the Tender Board, can be regarded as a conflict of interest or which shall be considered to be or create the impression of insider dealing.

## **10. VALUES AND CODE OF CONDUCT**

- 10.1. To ensure that procurement is done effectively and that standards are adhered to, NamPower has adopted certain values and a Code of Conduct to govern its procurement behaviour and promote the value-adding capacity of the Tender Board.
- 10.2. In pursuing these values and code of conduct all procurement functionaries must possess high levels of professional ethics and have the highest standards

of personal integrity. As a result NamPower expects a standard of behaviour in relation to procurement based on:

- 10.2.1. Open, honest and co-operative business relations with colleagues and suppliers;
- 10.2.2. Confidentiality of both business and commercial information;
- 10.2.3. Avoidance of conflict of interest or a perception of bias;
- 10.2.4. Disclosure of possible conflicts of interest, whether real, perceived or capable of being perceived, to management as soon as they arise;
- 10.2.5. Adherence to NamPower Code of Conduct;
- 10.2.6. Fair dealing and impartiality in the conduct of tender evaluations; and
- 10.2.7. The highest possible standard of professional competence and the encouragement of similar standards among NamPower staff.

## **11. ROLES AND RESPONSIBILITIES**

- 11.1. Compliance with the Policy is compulsory for all NamPower employees. A member of staff who fails to comply with the Policy may be subjected to disciplinary action. Any such breach will be notified to the Chief Officer: Finance, Treasury & Property Management who will, at his/her discretion, report the same to the Executive Committee as deemed appropriate.
- 11.2. It is the responsibility of the Business Unit Leaders to ensure that their staff members are made aware of the existence and comply with the contents of this policy.
- 11.3. It is the responsibility of all employees who have been delegated the authority to commit NamPower resources through the Procurement functions to adhere to the Policies contained herein.

### **11.4. Procurement Section**

- 11.4.1. NamPower has adopted a centralised procurement system. In this regard, the Procurement Section is responsible for all direct asset purchases, the purchase of any materials, spares, equipment, general supplies and provision of any services to the required standards of quality, performance and delivery time at the best Value for Money from reputable suppliers.
- 11.4.2. Procurement Section reflects the dual role of service division and profit maker by serving as the primary contact between the



various functions of NamPower and its suppliers. The primary role of the Procurement Section is to:

- a) Formulate and advise on the procurement policy and other related functions;
- b) Administer procurement legislative and regulatory guidelines;
- c) Execute all procurement functions including sourcing of quotations and publication of all information relating to Tenders;
- d) Monitor the performance of Business Units in procurement activities;
- e) Issue guidelines to ensure uniform application of the procurement policy;
- f) Promote communications and liaison between the Business Units regarding procurement activities;
- g) Follow up on complaints received from the public regarding bid procedures and irregularities and after consultation with the initiating party, report to the Tender Board through the Head of Procurement;
- h) Assist the Business Units in executing the Procurement Policy and instituting remedial steps in those units not adhering to the Policy;
- i) Maintain a database of all NamPower registered and approved suppliers;
- j) Maintain a database to support the monitoring of the extent to which NamPower's procurement objectives are met;
- k) Monitor the manner in which the policy is implemented in respect of NamPower's procurement objectives, the manner in which targets are set and attained, value for money obtained and delivery mechanisms; and
- l) Facilitate contracting arrangements.

## **11.5. Business Units (End-users)**

11.5.1. End users shall not deal directly with bidders or potential bidders during the procurement process without the full involvement of and/or approval by the Procurement Officer. The responsibilities of the Business Units are to:

- a) adequately define the end user's needs, identifying minimum and desirable elements and ensuring that there is adequate consultation with other users (where necessary);

- b) ensure that the requirement takes account of NamPower's policy requirements, including its corporate social responsibility/ sustainability policies, and is aligned to corporate objectives;
- c) ensure compliance with relevant legal obligations relating to the goods, services or works to be purchased, e.g. environmental/ health and safety legislation;
- d) ensure that funding is in place and obtain funding approval for capital expenditures
- e) drafting of the tender specifications and Terms of Reference;
- f) be involved throughout the life cycle of the procurement exercise – implementation, review, ongoing commodity intelligence;
- g) conduct the bid evaluation processes with support from relevant expertise from other sections, eg legal, procurement section, BEE section, finance, etc.;
- h) prepare the recommendation on any bid evaluation report; and
- i) approve key review stages throughout the procurement process.
- j) define the functional requirements necessary for sourcing;
- k) create the business case and secure approval for Capital Asset or Project Authorization Requests;
- l) work with suppliers to resolve day-to-day operational issues;
- m) report persistent supplier performance issues to the Procurement Division;
- n) reduce off-contract spending by utilizing only approved suppliers; and
- o) work with the Procurement Team to gain procurement transaction efficiencies and improve controls.

## **11.6. NamPower Tender Board**

11.6.1. The NamPower Tender Board is established to ensure that NamPower maintains:

- a) an appropriate procurement system which is fair, equitable, transparent, competitive and cost-effective;
- b) a tendering system that is compliant and operates in accordance with prescribed regulations, policies and procedures;
- c) its integrity by acting in the best interest of the company in managing NamPower's procurement related financial affairs, including the avoidance of conflict of interest, improper practices and opportunities for fraud, theft and corruption;

11.6.2. The NamPower Tender Board shall take effective and appropriate steps to:

- a) Prevent expenditure and losses resulting from criminal conduct and expenditure not complying with the operational policies of NamPower;
- b) Maintain clear and concise minutes of every meeting, recording approvals and rejections and reasons for doing so.
- c) Approve tenders and recommendations as per the Scheme of Delegated Authority.
- d) Make recommendations for higher levels of delegated authority.

## **11.7. NamPower Board Tender Committee**

11.7.1. The NamPower Board Tender Committee is established in terms of a mandate by the NamPower Board of Directors to:

- a) Advise, consider and decide on tender and procurement matters referred to it by either the NamPower Tender Board, Managing Director or Board of Directors
- b) Approve tenders and recommendations as per the Scheme of Delegated Authority.
- c) Approve and make recommendations for higher levels of delegated authority.
- d) Maintain clear and concise minutes of every meeting, recording approvals and rejections and reasons for doing so.

## **12. GENERAL PROCUREMENT PROCEDURES**

- 12.1. All employees shall consult **ANNEXURE 1** (Scheme of Delegated Authority) before a request for procurement of goods and services is made to ensure that the appropriate procurement method is utilised and the intended expenditure is authorised at the level determined by the Scheme of Delegated Authority.
- 12.2. NamPower shall commit itself to procurement of goods and services through the entering into specific contractual agreements with suppliers and /or the issue of formal orders taking into account the value and level of risk associated with the procurement after due process to select the most appropriate supplier has been followed.
- 12.3. The Tender Board may approve on an annual basis procurement of goods and services whose value and level of risk are regarded minimum and are exempt from the application of Clause 12.2 above.
- 12.4. Only the Managing Director or the Chief Legal Advisor may sign contractual agreements with suppliers of goods and services on behalf of and commit the company. No other employee may enter into contractual agreements on behalf

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- of the Company without specific written authority to do so from the Board of Directors save as otherwise provided for in this Policy.
- 12.5. Only nominated Procurement staff or those specifically authorised by the Chief Officer of the specific BU to utilise NamPower Bush Orders may commit the company to a purchase through the issue of a Purchase Order.
  - 12.6. Non-Procurement staff may obtain verbal or written indications of prices from potential suppliers and may liaise with Registered Suppliers on technical matters. Under no circumstance should the staff imply to commit NamPower during these interactions.
  - 12.7. All Tender Board submissions shall be made through the office of the Head of the respective Business Unit. The Tender Board shall not deliberate on any submissions that do not comply with this requirement.

### **13. TENDER BOARD**

#### **13.1. Composition of the Tender Board**

- 13.1.1. The Tender Board membership shall consist of NamPower employees drawn from the various Business Units of the Company.

#### **13.2. Appointment of the Tender Board Chairperson**

- 13.2.1. The Chairperson shall be appointed by the Managing Director.
- 13.2.2. The appointee must fulfil the following criteria:
  - a) Be an employee of NamPower;
  - b) Be a Head of the Business Unit or hold a position of equivalent or higher stature;
  - c) Be conversant with NamPower's business operations.
- 13.2.3. The Managing Director shall also appoint a Vice-Chairperson to act in the absence of the Chairperson.
- 13.2.4. In the absence of both the Chairperson and the Vice-Chairperson, the members present shall nominate a Chairperson to chair the proceedings of that particular meeting. The nominee shall be:
  - a) a member with voting rights
  - b) an employee of NamPower.



### **13.3. Appointment of Tender Board Members**

- 13.3.1. The Managing Director shall appoint eight permanent and eight alternate Tender Board members on the recommendation of the Executive Committee.
- 13.3.2. The NamPower Branch of the Mine Workers Union of Namibia shall nominate one permanent and one alternate member who shall have no voting rights.
- 13.3.3. By virtue of their functions, the Procurement Section and those charged with promoting the participation of previously disadvantaged groups in NamPower's procurement process shall be represented in all the tender and procurement related proceedings by their respective Ex Officio representatives who, individually and collectively:
  - a) shall participate in the proceedings; and
  - b) shall have no voting rights.
- 13.3.4. All the Tender Board and Ex-officio members shall sign a confidentiality agreement.
- 13.3.5. Members of the Tender Board shall be drawn from employees holding managerial positions of up to grade 7.
- 13.3.6. The Tender Board may, at its discretion, seek, receive or co-opt services of employees or consultants with relevant skills when required. Such specialists shall act in an advisory capacity and shall not have any voting rights.

### **13.4. Quorum**

- 13.4.1. Four voting members in addition to the Chairperson shall be deemed to constitute a quorum.
- 13.4.2. In the absence of the Chairperson and the Vice Chairperson, five voting members shall be deemed to constitute a quorum.

### **13.5. Voting Rights**

- 13.5.1. The Chairperson and the members constituting a quorum shall each have one vote.
- 13.5.2. Any member having vested interests – either personal or by virtue of his / her employment in the BU concerned calling for the tender - in the deliberations at hand by virtue of his or her position in



NamPower shall cease to have voting rights in respect of that matter. Such a member shall excuse him/herself from the deliberations of the matter in which he/she has an interest.

13.5.3. Where the member with vested interest is also the Chairperson he or she shall be recused from the deliberation of the item/s being discussed. In such cases a temporary chair shall chair the particular deliberations.

13.5.4. The exclusion of any member(s) with vested interest from participation in the deliberations of certain matters during the meeting shall not have an effect on the quorum and constitution of the meeting provided Clause 13.4 above relating to quorum is satisfied at the commencement of the meeting.

### **13.6. Term of Office**

13.6.1. The Chairperson and Members of the Tender Board shall be appointed for a minimum term of three years. The extension of a member's tenure shall be the prerogative of the Managing Director, subject to the consent of the nominated employee;

13.6.2. The Managing Director may replace up to a maximum of four (4) permanent members at a time to ensure continuity in the functioning of the Tender Board.

13.6.3. Any member of the Tender Board may resign from the Tender Board upon giving notice of his/her intended resignation to the Managing Director and the Chairperson of the Tender Board or designate.

13.6.4. The Managing Director may, on good cause, exercise his or her discretion to terminate the membership of any Member of the Tender Board before the expiry of the term of that Member's term of office.

### **13.7. Attendance**

13.7.1. All the permanent Tender Board members are obliged to attend all meetings unless prevented by:

- a) Illness
- b) Being on leave or official duties.

13.7.2. Where a permanent member is unable to attend the Tender Board proceedings for whatsoever reason, such member shall:

- a) endeavour to inform his or her alternate in good time;
  - b) brief him or her appropriately;
  - c) provide the alternate members with all the necessary documents for the meeting; and
  - d) inform the Tender Administration Office accordingly.
- 13.7.3. The Managing Director may revoke the tenure of any Tender Board member, including the Chairperson that fails to attend three consecutive Tender proceedings without valid reasons.
- 13.7.4. The Chairperson is obliged to have the absenteeism of members recorded and brought to the attention of the Managing Director or designate for consideration.

### **13.8. Submissions, Meetings and Minutes**

- 13.8.1. The Tender Board shall meet on a designated date and time as stipulated.
- 13.8.2. The Tender Administration Office shall arrange and produce minutes and agendas for all Tender Board meetings.

## **14. ADMINISTRATION OF TENDERS**

### **14.1. Uniformity in Procurement Practice**

- 14.1.1. The Procurement Section shall strive to promote uniformity in bid procedures, policies and control measures.

### **14.2. Tender Advertisements and Invitations**

- 14.2.1. All tenders shall run for at least 21 calendar days from the date of the first publication of the invitation to tender or the date of availability of tender documents, whichever is later.
- 14.2.2. Written approval for the adjustment of the tender closing period shall be obtained prior to the change from the Chairperson of the Tender Board or designate and such change shall be published in the same manner as the original tender advertisement.
- 14.2.3. Advertisement costs are to be borne by the respective BU's.
- 14.2.4. Since most companies close between 15 December and 15 January, Business Units shall strive not to advertise or close tenders during this period.

### **14.3. Tender Submission and Closing Time**

- 14.3.1. All NamPower tenders shall be submitted in a manner prescribed in the tender document.
- 14.3.2. All NamPower tenders shall close on the day, time and place as stipulated in the tender document, unless it has been extended in accordance with Clause 14.2.2.

### **14.4. Tender Opening**

- 14.4.1. Tender opening shall strictly follow the procedure specified in the Tender documents. Where no procedure has been provided in the Tender documents, the provisions of this Clause 14.4 shall apply.
- 14.4.2. Tenders will be opened immediately after the tender submission deadline at a place stated in the Tender documents or determined by the Tender Board.
- 14.4.3. The public and other interested parties may be permitted to attend the tender opening event for Public Tenders.
- 14.4.4. The invitation of non-Tenderers to any other tender (other than Public Tenders) opening event shall be at the discretion of the Tender Board.
- 14.4.5. At the tender opening, the person presiding over the Tender opening shall announce the following for each tender:
  - a) Name of Tenderer; and
  - b) Where appropriate, the total value of the tender and any alternative offer if requested or permitted (if applicable).
- 14.4.6. No disqualifications shall be announced at the opening. Qualification and disqualifications will be determined during the evaluation process.
- 14.4.7. Suppliers present at the tender opening shall receive a copy of the schedule upon request. Suppliers that submitted a proposal, but could not attend the opening may be provided with a copy of the proceedings upon written request, provided such request is made and received within 10 days of the opening of the tender.

### **14.5. Late Tenders**

- 14.5.1. Offers received after the specified closing date and time for proposals shall be rejected and returned.

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#### **14.6. Unsolicited Tenders**

- 14.6.1. NamPower is not obliged to consider unsolicited tenders received outside a normal tendering process.
- 14.6.2. NamPower may at its sole discretion consider unsolicited tenders in instances where:
  - a) The supplier who made such a bid/ proposal is the sole supplier of the goods or services in question;
  - b) The goods or the services offered are unique, groundbreaking and will be exceptionally beneficial to, or have exceptional cost advantages to NamPower; and/ or
  - c) The need for the goods or services has been recognised by NamPower during its strategic planning and budgeting processes.

#### **14.7. Extension of Tender closing date**

- 14.7.1. Extension of the tender closing date shall only be requested under exceptional circumstances, and shall be avoided as far as possible.
- 14.7.2. Any formal request for an extension to the Tender period must be made in writing and recommended by the relevant Head of the Business Unit to the Chairperson of the Tender Board or his/her designate.
- 14.7.3. The request should be received by the Tender Administration Office preferably at least 7 (seven) days but not within three days of the tender closing date and, if accepted by the Chairperson of the Tender Board, or in his absence, the Vice Chairperson, shall be communicated to all Tenderers in writing.
- 14.7.4. In the event of both the Chairperson and the Vice Chairperson of the Tender Board being absent the Procurement Manager in conjunction with at least two permanent Tender Board members shall decide to accept or reject the request for extension.

#### **14.8. Tender Validity Period and Extension**

- 14.8.1. Tenders shall be valid for the period as stipulated in the specific terms of reference of the Tender from the closing date of the Tender to allow NamPower adequate time to finalise the Tender award.

- 14.8.2. Extension of the tender validity period shall be made only on good cause shown to the satisfaction of the Tender Board.
- 14.8.3. 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 NamPower shall re-negotiate the validity period by exchange of a letter or fax.
- 14.8.4. The extension shall be for the minimum period required to complete the evaluation, obtain the necessary approvals and award the contract.
- 14.8.5. Such extensions shall not permit the Tenderers to alter the terms and conditions of the tenders as set out in the original documents.
- 14.8.6. Failure to procure an extension on the same terms as original terms, excluding tender validity period, from all Tenderers may provide NamPower with sufficient grounds for cancellation of the Tender. Such cancellation shall however be approved in terms of this Tender and Procurement Policy.

#### **14.9. Contract documentation and contract options**

- 14.9.1. Generic documentation and contract options which can be adapted to cater for specific NamPower requirements shall be applied.
- 14.9.2. Tender documents shall define the rights, risks and obligations of the parties and define the nature, quantity and quality of the goods, services or works to be provided in the performance of the contract. Accordingly, efforts shall be made to ensure that such documents are legally and technically correct and assign risks in an appropriate manner.

#### **14.10. Safe keeping of contract documents**

- 14.10.1. It is the responsibility of each Business Unit to submit the original contract to the Tender Office within 30 days of signature.
- 14.10.2. The Tender Office shall keep the contract for a minimum of six years, after the end of the financial year in which the contract was fully completed, or for such longer period as may be prescribed by law or a requirement under any financing agreements.

## **15. SOLICITATION OF TENDERS AND QUOTATIONS**

Quotations and tenders shall be invited and received in accordance with the following:

### **15.1. Quotations**

- 15.1.1. A written request for obtaining quotations shall be made to the Procurement Section by the Business Unit requiring the supplies/services. The requesting Business Unit shall be responsible for supplying complete specifications for the supplies or services requested.
- 15.1.2. The Procurement Section shall issue a request for quotations for the required supplies or services to the suppliers.
- 15.1.3. The request for quotations shall be issued to as many suppliers as possible, in line with the procurement thresholds.
- 15.1.4. The request for quotation shall state a closing date and time after which no further quotations shall be accepted.
- 15.1.5. The Procurement Section shall source and receive all quotations.
- 15.1.6. All quotations received shall be submitted to the requesting Business Unit in order to evaluate them and return them, together with an approved requisition for issuing an official purchase order.
- 15.1.7. The Procurement Section shall at all times endeavour to obtain the best services and prices for NamPower.
- 15.1.8. Business Units shall first submit a requisition to the Procurement Section for an order to be created before acquiring any supplies or services. Under no circumstances shall an official purchase order be issued after services have already been rendered to NamPower.

### **15.2. Open Tenders**

- 15.2.1. NamPower shall seek competitive tendering to the extent possible as it is presumed to offer better opportunities for competitiveness and promotion of preferential procurement.
- 15.2.2. NamPower requires prospective Tenderers to be selected under a transparent and open procedure that maximises open competition whilst excluding inexperienced firms from participating. As such, an open tendering process shall be followed:
  - a) In selecting preferred suppliers for specific goods and services for a specified period;
  - b) where there are no preferred suppliers for the specific product or service or where the number of approved suppliers is less than



- three and there is no standardisation in place for the product or service; and
- c) where the Tender Board or the Managing Director regards this as necessary or desirable.

### **15.3. Selective (Closed) Tendering**

- 15.3.1. Taking cognisance of the nature of the industry, NamPower may select specific motivated procurement activities to follow a selective tendering process.
- 15.3.2. If a selective tendering process is followed, it shall conform strictly to the principles of transparency and ethical standards.
- 15.3.3. At least three suppliers shall be invited unless the Procurement section attests in writing that less than three suppliers of the specific service required exist or others have declined to participate.
- 15.3.4. The selective tendering process shall follow the same guidelines as those used for open tenders.
- 15.3.5. Where a supplier fails to respond to a written invitation to tender or a request for quotation, the Procurement official shall keep proof of the invitation to the supplier.
- 15.3.6. A selective tendering process shall require specific approval of the Tender Board. The Tender Board shall consider whether a request for a selective tendering process falls within one of the following categories in making its decision:
- a) Multiple sources - where various suppliers may exist but competition is limited. As a result only a few prospective Tenderers are allowed to make a proposal. A thorough and proper market analysis to confirm this is required.
  - b) Sole source – where a competitive process is not used to validate the usage of a sole supplier and fair price, the burden of proof shall rest on the requesting Business Unit to justify sole source procurements. This shall be based on a thorough analysis of the market and use of a transparent and equitable pre-selection process, to request only one amongst a few prospective Tenderers to make a proposal.
- 15.3.7. The Business Unit opting to source from a Sole Supplier shall provide justification for doing so. The justification may include, but is not limited to:
- a) Compatibility or standardization with existing commodities
  - b) Special design requirements that are needed and are available only from a single source.



- c) A specific commodity that has only one manufacturer or supplier.
- d) A specific commodity that has been proven over time to be the most economical, dependable or serviceable;
- e) Lack of competition due to proprietary rights, standardisation and interchange ability;
- f) Competition is deemed inappropriate due to urgency, threat to the security of power supply (critical items) and low value purchases;
- g) Competition is excluded due to the extension of works (VO), price is not subject to normal market forces, subscription fees, municipal services and statutory requirements.

## **16. TWO ENVELOPE SYSTEM**

- 16.1. Under certain circumstances NamPower may opt for a two-envelope system for tendering.
- 16.2. The two-envelope system is a tendering procedure in which both the technical and financial offers are submitted together, but in separately sealed envelopes.
- 16.3. Under this procedure, the technical offers are opened first and evaluated for compliance. The financial envelopes of the technically responsive tenders only are then opened and evaluated thereafter.

## **17. TWO-STAGE TENDERING PROCESS**

- 17.1. In the case of contracts for large and complex plants or works of a special nature a “two-stage” system may be used to invite competent suppliers through Requests for Information (RFI) or similar processes to submit detailed offers containing certain deliverables including technical solution for the requested services/product, execution program and method statement, preliminaries prices.
- 17.2. The first submission contains only the technical offers and after a detailed evaluation and negotiation of technical offers, priced tenders are requested only from those Tenderers determined to be qualified, and technically and commercially responsive.
- 17.3. Where applicable, variations of the two stage tendering process may be applied.

## **18. PRE-QUALIFICATION OF SUPPLIERS**

- 18.1. Pre-qualification of suppliers may be necessary for large or complex works, such as custom designed equipment, industrial plants, specialized services, design and build, or management contracting.
- 18.2. Pre-qualification ensures that the invitation to tender is extended only to those suppliers that have adequate capabilities and resources.
- 18.3. Pre-qualification should be strictly based on the capability and resources of prospective Tenderers to perform the particular contract satisfactorily.
- 18.4. Pre-qualification can be the result of an expression of interest, request for information or request for proposal.

## **19. REQUEST FOR INFORMATION (RFI)**

- 19.1. Where information is not readily available with which to draft the terms of references or specifications, a request for information (RFI) process shall be followed in order to obtain more market information.
- 19.2. The information collected in this fashion shall not be used to lead to sourcing from one supplier only nor may it be used to write the ultimate specification or terms of references based on just one specific product.
- 19.3. The RFI shall state clearly that the result of the process will not necessarily lead to an award and does not constitute a commitment to buy.

## **20. REQUEST FOR PROPOSAL (RFP)**

- 20.1. In instances where NamPower seeks to satisfy complex procurement requirements, an RFP procurement process may be used to ensure that the process leads to a successful negotiation with a qualified contractor.
- 20.2. The purpose of the RFP shall be to:
  - 20.2.1. provide a clear and defined basis for a value-oriented service or product delivery,
  - 20.2.2. select the best supplier/s capable of working with NamPower to ensure that the product or service design meets budget and delivers quality products or services; and
  - 20.2.3. increase the probability of achieving the greatest possible goals on time, to specifications and in budget.



## **21. EXPRESSION OF INTEREST (EOI)**

- 21.1. Where NamPower undertakes to procure a rare or unique product or service and the company is uncertain about the suppliers' interests in providing such a rare or unique product or service, NamPower shall request an EOI from interested parties to determine whether or not there is sufficient market interest to proceed to a competitive bidding process.
- 21.2. In the event there is sufficient interest in the requirement, NamPower may, but is not obligated to, initiate a competitive bidding.

## **22. APPOINTMENT OF CONSULTANTS**

- 22.1. The Tender Board shall ensure that all legal requirements pertaining to the appointment of the service provider consultants are met.
- 22.2. Technical quality and independence of advice are to be key considerations in engaging consultants.
- 22.3. The appropriate selection method to be used shall be determined by the scope of the assignment, the quality of the service, the complexity of the assignment and whether assignments are of a standard or routine nature.
- 22.4. As a minimum the following selection methods are to be used to appoint consultants:
  - a) Quality based selection
  - b) Quality and cost based selection
  - c) Selection under a fixed budget
  - d) Least cost selection
  - e) Sole source selection

## **23. PROCUREMENT BY CONTRACT**

- 23.1. Where a contract for the supply of goods and services to NamPower exists, the contract shall be honoured by obtaining such goods and services from the contracted party, unless the contract states otherwise.
- 23.2. Failure by the contractor to satisfy the needs stipulated in an existing contract without reasonable grounds may constitute a breach of contract and provide conditions for termination.

### **23.3. Period/Term Contract**

- 23.3.1. Where a Term Contract exists, tenders shall not be invited for items available on such a period contract.
- 23.3.2. Small quantities may be acquired outside the contract if:

- a) an emergency arises;
- b) the supplier's point of delivery is not situated at or near the required point of delivery; and
- c) the required supplies are not readily available.

## **24. EXEMPTION FROM TENDER PROCESS/ MINIMUM OF 3 QUOTATIONS REQUIREMENT**

Under certain exceptional circumstances exemption from the NamPower Procurement Policy may be sought and granted by the Tender Board.

### **24.1. Emergency Procurement**

- 24.1.1. Irrespective of the monetary value, an emergency procurement process will only apply in serious, unexpected and potentially dangerous circumstances which require immediate rectification.
- 24.1.2. An emergency event shall fall within any one of the following categories:
  - a) In the event of a threat or interruption to NamPower's ability to execute its mandate;
  - b) In the event of an immediate threat to the environment or human safety; and
  - c) Events affecting the supply of electricity to customers or major breakdowns of generating or transmission plant where such breakdowns have a large impact or loss of income for NamPower.
- 24.1.3. When an emergency is identified by the End-user, such an emergency shall be certified by the relevant Head of the Business Unit and have it submitted to the Procurement Section for further processing.
- 24.1.4. In such a situation, a minimum of three quotations shall be sought by the BU concerned. Where it is regarded practically impossible by the Head of the Business Unit concerned to source a minimum of three quotations as required herein, any manner of procurement may be used in the best interest of NamPower.
- 24.1.5. All emergencies that require a deviation from the normal procurement process must be communicated in writing to the Procurement Section to facilitate retrospective approval of the procurement by the Managing Director, within 48 working hours of such an emergency, providing the following details:



- a) The three quotations obtained from the list of approved suppliers, where possible;
- b) The nature of the urgency or emergency;
- c) The date and time thereof;
- d) The details of the procurement action taken/to be taken;
- e) The envisaged result if the standard procurement procedure had to be followed; and
- f) A proposal recommending how to prevent such occurrences in the future.

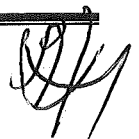
24.1.6. Should it not be possible to conform to the above within 48 hours, the Managing Director must be informed of this fact within 48 hours. Such notification shall not exempt the Business Unit from procuring the Managing Director's approval and the Business Unit shall take all reasonable steps to secure retrospective approval as soon as it is practically possible.

24.1.7. As soon as is practically possible, the Procurement Office shall report in writing all emergency procurement undertaken in the manner provided in Clause 24.1.5 and the Managing Director's approvals to the Tender Board and/ or the Board Tender Committee for noting.

## **24.2. Other qualifying exemptions**

24.2.1. In accordance with NamPower Policy, competitive procurement processes may be waived and proposed contracts or purchase orders negotiated with one supplier if justified under the following circumstances:

- a) The prices or rates are fixed pursuant to national legislation or by regulatory bodies (e.g. Architects).
- b) A standardisation of supplies, equipment or spare parts renders competition impractical.
- c) The need for the service does not permit the delay associated with the issuance of invitations to bid or requests for proposals, or the re-issue thereof in cases where such solicitation has failed to achieve satisfactory results in the recent past (last three consecutive years).
- d) The proposed contract relates to procurement from a sole source of supply or to the procurement of perishable supplies.
- e) The proposed contract relates to the obtaining of services of specific individuals, other than for staff services, and



- f) The relevant Business Unit determines and the Tender Board concurs that invitation for bids or requests for proposals will not give satisfactory results or are not, in the particular case, deemed to be in the interest of NamPower.
- 24.2.2. A written justification for seeking exemption from competitive procurement provisions shall be submitted, in good time, to the Tender Board for their consideration and approval.
- 24.2.3. The submission shall state clearly the reasons for seeking the Tender Board exemption and steps being taken to prevent similar situations.
- 24.2.4. In instances where an exemption from competitive bidding is justified, negotiations shall be undertaken prior to award to ensure best value for money by obtaining competitive prices and products.
- 24.2.5. The Business Unit shall make every effort to justify the selection and ensure the reasonableness of cost by attempting to obtain the most favourable terms and conditions for every aspect of the supplier's offer.
- 24.2.6. Proper costing studies, market intelligence, expert consultations, verification of client references are to be performed prior to the negotiations.
- 24.2.7. The Tender Board may refuse to grant exemptions requested under this Clause 24.2 if the only motivation for such exemption is the time required to undertake a specific task and in the opinion of the Tender Board the Business Unit had sufficient time to plan and execute the procurement in the normal manner as specified in this Tender and Procurement Policy.
- 24.2.8. Exemption shall be valid for a period of 21 days from the date it is granted.

## **25. EX POST FACTO RATIFICATION OR APPROVAL**

- 25.1. In terms of this Tender and Procurement Policy, no services or works above the minimum threshold for petty cash purchases as given in **ANNEXURE 1** shall commence, and goods shall not be ordered, until a contractual obligation between NamPower and the supplier has been established by issuing a Purchase Order or by signature of both parties to the contract.
- 25.2. All NamPower employees are expected to make every effort to avoid a situation whereby services are provided or works commence and goods are supplied prior to the issuing of a valid Purchase Order or establishment of a contract.

- 25.3. If a situation arises in which an ex post facto ratification or approval is required, approval of payments and/or a contract must be obtained from the Managing Director (MD) whose authority for ex post facto ratification covers the monetary value involved provided the amount falls within the upper limits of the Managing Director's delegated authority as determined from time to time.
- 25.4. In the event that the amount involved exceeds the Managing Director's delegated authority, such retroactive approval shall be provided by the Board of Directors.

## **26. STANDARDISATION OF EQUIPMENT**

- 26.1. It is NamPower's prerogative to standardise on certain equipment, machinery and procedures because of efficiency, economy and ease of maintenance. NamPower has adopted a number of standards and shall continue to monitor them on an ongoing basis. This practice is not restricted to engineering disciplines only and applies to other areas where standardisation is useful.
- 26.2. Standardization shall be acceptable when goods, equipment or technology already purchased from a supplier or contractor, determines that additional supplies should be procured from that supplier or contractor, or because of the need for compatibility with existing goods, equipment or technology.
- 26.3. It should be noted that branding is not necessarily a justification for waiver from the Procurement Policy or for standardisation. A competitive process should be undertaken where multiple sources of supply exist.
- 26.4. Business Units shall submit requests for standardisation of equipment for approval by the Tender Board.
- 26.5. The Tender Administration Office shall keep a register of standard equipment approved by the Tender Board together with any conditions that the Tender Board may attach to its approval.
- 26.6. Where standardisation of equipment results in limiting procurement to only one supplier, this fact must be stated clearly in the application for standardisation and must be reflected in the standard equipment register.
- 26.7. In all cases, the Tender Board shall approve standardisation for a specified period only. The maximum period for which standardisation is granted shall not exceed three years.
- 26.8. After expiry of the specified period, the relevant Business Unit shall submit to the Tender Board for consideration an application for possible extension or review of the standardisation.

## **27. DIRECT NEGOTIATIONS**

- 27.1. Direct negotiations with potential suppliers shall only be permitted upon approval by the Tender Board and shall be conducted in such a manner that none of the stakeholders is advantaged or prejudiced.
- 27.2. Direct negotiations may only take place under the following circumstances:
  - 27.2.1. In cases of urgency due to unforeseen circumstances;
  - 27.2.2. where following the standard competitive tendering process or the process prescribed for urgency would not be in the best interest of NamPower;
  - 27.2.3. Due to an emergency, there is an urgent need for the goods, works or services, making it impractical to use other methods of procurement because of the time involved in using those methods. Such procurement shall fall within the terms prescribed in Clause 24; and
  - 27.2.4. Due to the technical character of the goods or construction, or the nature of the services, it is necessary for NamPower to negotiate with suppliers or service providers.

## **28. PREPARATION OF QUOTATIONS AND TENDER SPECIFICATIONS**

- 28.1. The Business Unit shall draw up clear specifications and terms of references, using standard templates for requesting for proposals, quotations and tenders.
- 28.2. The tender documents shall list clearly all the documents that the Tenders must submit with the lodgement of their tender or quotation.
- 28.3. In addition the tender documents shall state clearly all the material factors that may render the tender to be deemed non-compliant and state the consequences for the Tenderers' failure to submit any of the documents listed as mandatory in the tender document.
- 28.4. Specifications shall be written in an unbiased manner to enable all potential Tenderers to offer their goods and/or services.
- 28.5. The Business Unit requiring the supplies or services shall also be responsible for compiling the tender documents. All tender documents, irrespective of whether they are prepared by external consultants, shall be prepared in consultation with the Procurement Section for commercial correctness and adherences to policies.
- 28.6. The originating Business Unit shall be responsible and accountable for the factual accuracy and adherence of the tender documents to all the requirements.



- 28.7. Only the Procurement Section may publish tenders or release official invitations for tenders/ or quotations.
- 28.8. To promote ongoing competition the invitation of quotations from the list of prospective suppliers shall be done in such a manner that ongoing competition amongst suppliers is promoted.
- 28.9. Wherever possible, the evaluation criteria and weighting shall be clearly stated in the tender documents or terms of reference.

## **29. EVALUATION OF TENDERS, QUOTATIONS AND PROPOSALS**

- 29.1. The evaluation team shall consist of the following functional representation each of whom shall be responsible only for the evaluation of his or her area of responsibility of the bid, where appropriate:
  - 29.1.1. Evaluation Team Leader, i.e. Project Manager, BU representative
  - 29.1.2. Procurement Officer;
  - 29.1.3. BEE Compliance Committee;
  - 29.1.4. Legal Practitioner (if required);
  - 29.1.5. Financial /Cost Accountant;
  - 29.1.6. Technical (operational, construction and maintenance);
  - 29.1.7. Business Unit representative(s), if not included above; and
  - 29.1.8. Specialist experts (e.g. consultant engineers, architects etc.) by invitation (if required).
- 29.2. The Evaluation Team Leader shall be responsible for overall co-ordination and compilation of the evaluation sheet.
- 29.3. The respective evaluation team members shall ensure that their respective evaluations are conducted within the timeframe specified by the Evaluation Team Leader, and be available to attend evaluation meetings as and when required.
- 29.4. Value for money shall always form the core for evaluating offers. This principle shall be a major underlying factor in the choice of a supplier, subject to the goods or services being of satisfactory quality and fit for the purpose for which they are intended.
- 29.5. In order to promote the advancement of Previously Disadvantaged Namibians (PDN), factors supporting this category (including BEE) shall be allocated a minimum weight (score) of 10% with the balance allocated to technical and financial factors, except where such preference is specifically prohibited by an external financier as provided in Clause 51. The allocation of the balance between Financial and Technical considerations shall be at the discretion of the relevant Business Unit.

- 29.6. Score sheets shall be prepared and provided to panel members for the evaluation.
- 29.7. The Score sheet shall contain all the criteria and the weight for each criterion as indicated in the terms of reference as well as the values to be applied for evaluation. The panellists shall each independently evaluate factors relevant to their respective field of expertise.
- 29.8. A detailed evaluation report shall be submitted to the Tender Board for consideration irrespective of whether any tenders were disqualified for technical or financial reasons and where the lowest cost tender or not is accepted. The report shall include a consolidated summary score sheet signed by all members of the evaluation team.
- 29.9. Upon completing the evaluation process the original tender documents shall be returned to the Tender Administration Office for recordkeeping and audit trail.

## **30. TENDER CLARIFICATIONS**

### **30.1. Before the Tender has closed**

- 30.1.1. All enquires related to the tender shall be directed to the Tender Administration Office. Failure to do so may lead to disqualification.
- 30.1.2. Clarification of any matters relating to tender shall be limited to those, which, if not communicated to the Tenderers, may affect the preparation of tender bids/proposal. Such clarifications shall be communicated in writing to all Tenderers by the Tender Administration Office.
- 30.1.3. NamPower shall not hold clarification meetings with individual prospective Tenderers while the tender is still running except where such meetings are open to all prospective Tenderers.
- 30.1.4. If the tendering process requires the prospective Tenderers to attend a compulsory presentation or site meeting this shall be stated as such in the tender advertisement and tender documents or terms of reference.
- 30.1.5. Tender clarifications including the inquiry shall be circulated to all Tenderers, except those that have been disqualified for non-conformity or non-responsiveness.

### **30.2. Clarifications during evaluation process**

- 30.2.1. Matters listed as disqualifying factors in the tender document or terms of reference shall not be clarified after a tender has closed. Non-responsive tenders shall therefore be disqualified on this



basis. However, clarifications will be allowed as part of the responsiveness on issues which would not impact the price or scope of the tender/bid.

- 30.2.2. Clarification on any other matters requiring additional information from the Tenderers after the closing date shall be communicated to the Tenderers via the Tender Administration Office.

### **31. CANCELLATION OF QUOTATIONS**

- 31.1. If all the quotations received are found to be unacceptable on either financial, commercial, technical or strategic grounds, the evaluation committee shall recommend to cancel the request for quotations.
- 31.2. The levels of authority as provided under the Scheme of Delegated Authority shall be applied in determining the appropriate level for cancellation of quotations that have closed already unless if the request for such a quotation was initially approved by the Tender Board in which case the cancellation can only be granted by the Tender Board.
- 31.3. The relevant Head of the Business Unit may authorise the cancellation of quotations before they are awarded in line with the Scheme of Delegated Authority unless if the request for such a quotation was initially approved by the Tender Board in which case the cancellation can only be granted by the Tender Board.
- 31.4. In the submission, the offers shall be listed as they were individually received, and the possible implications of such cancellation for NamPower shall be stated.
- 31.5. The reasons for receiving unacceptable quotations shall be investigated to determine the cause. Based on the findings of the investigation an alternative process shall be followed to satisfy the requirements.
- 31.6. It may then be considered to re-advertise or re-invite new quotations or target pre-identified suppliers provided that the specifications/scope of work or conditions has changed.
- 31.7. If the quotation has already been awarded, the cancellation process shall follow the levels of authority.
- 31.8. Where a quotation whose submission date has passed and the quotation has closed is to be cancelled the Tender Board and or the relevant Business Unit shall do so after prior consultation with the Head of NamPower Legal Division to obtain a written legal opinion.

## **32. CANCELLATION OF TENDERS**

- 32.1. If all the tenders received are found to be unacceptable on either financial, commercial, technical or strategic grounds, the evaluation committee shall recommend to the Tender Board to cancel the tenders.
- 32.2. The Tender Board is the only body authorised to cancel tenders that have closed already unless if the request for such a tender was initially approved by a higher authority in which case the cancellation can only be granted by that higher authority.
- 32.3. The relevant Head of the Business Unit may authorise the cancellation of tenders before they are awarded in line with the Scheme of Delegated Authority unless if the request for such a tender was initially approved by the Tender Board in which case the cancellation can only be granted by the Tender Board.
- 32.4. In the submission, the offers shall be listed as they were individually received, and the possible implications of such cancellation for NamPower shall be stated.
- 32.5. The reasons for receiving unacceptable tenders shall be investigated to determine the cause. Based on the findings of the investigation an alternative process shall be followed to satisfy the requirements.
- 32.6. It may then be considered to re-advertise or re-invite the tender or target pre-identified suppliers provided that the specifications/scope of work or conditions have changed.
- 32.7. If the tender has already been awarded, the cancellation process shall follow the levels of authority.
- 32.8. Where the tender is to be cancelled the Tender Board and or the relevant Business Unit shall do so after prior consultation with the Head of NamPower Legal Division to obtain a written legal opinion.

## **33. AWARDING OF TENDERS AND QUOTATIONS**

### **33.1. General provisions**

- 33.1.1. The Tender Board or the Head of a Business Unit may request a consultant or an employee that is not a member of the Tender Board, to attend the Tender Board proceeding to provide clarification or technical advice. Such an employee or consultants shall be excused from the meeting just before the Tender Board discusses the recommendation to award the tender.
- 33.1.2. Any Tender Board submission that seeks to award a quotation, tender or contract must include a Financial Certificate that states



- clearly the approved budget amount and the relevant budget key. This proviso excludes stock items.
- 33.1.3. Any Tender Board submission that seeks to award a quotation, tender or contract for the acquisition of stock items shall indicate clearly the stock holding at the time of such submission, the stock holding subsequent to such acquisition and the anticipated stock holding and utilisation period thereafter.
- 33.1.4. In making an award, the approving employee and/or the Tender Board shall act in NamPower's best interest, being guided by amongst others, considerations of economy, efficiency, standardisation, local content, financial strength and the contractual reliability of the Tenderers.
- 33.1.5. The Tender Board in accordance with NamPower's Scheme of Delegated Authority shall approve the submission by majority vote. Should the Tender Board fail to reach a decision by majority vote, the matter shall be referred to the Managing Director for a final decision.
- 33.1.6. In cases where the Tender Board does not approve the proposal made by a Business Unit, the submission shall be referred back with the reasons why approval was withheld. If the Tender Board and the Head of the Business Unit cannot reach a decision after discussing all the relevant issues pertaining to the tender award, the matter shall be referred to the Managing Director for a final decision.
- 33.1.7. Any appeal made by a supplier regarding a Tender Board decision shall be referred to the Managing Director for a final decision. The Managing Director shall be provided with all the facts and reasons on which the Tender Board based its earlier decision.
- 33.1.8. All the Tender Board communications to the Tenderers shall be communicated in writing by the Tender Administration Office. The Tender Administration Office shall be the only official link for communicating between NamPower and the suppliers until the tender or quotation is awarded.
- 33.1.9. After issuing a letter for awarding a contract to a supplier the contract award shall be followed by an official purchase order. The purchase order shall cite the Tender or Contract references and the value of the award.
- 33.1.10. All letters of acceptance and relevant correspondences between NamPower and suppliers shall be issued under the signature of the Chairperson or Vice Chairperson of the Tender Board or his/her designate.

- 33.1.11. All procurement submissions requiring the Managing Director's approval shall first be submitted to the Tender Board as per levels of authority.
- 33.1.12. Under certain circumstances NamPower will enter into a formal agreement with the successful Tenderers.
- 33.1.13. The awarding of Tenders and quotation to the successful tenderers shall always be made within the tenders' validity period and in accordance with the levels of authority.

### **33.2. Levels of authority for approving tenders, quotations and proposals**

- 33.2.1. The levels of authority applicable to individual NamPower employees shall be interpreted in conjunction with the Powers and Functions of the Tender Board.
- 33.2.2. The Board of Directors shall from time to time, and at least once annually, review the levels of authority as provided in **ANNEXURE 2** for approving procurement transactions, tenders and quotations.

### **33.3. Awarding of Quotations**

- 33.3.1. The evaluation of quotations shall take into account technical responsiveness, cost and delivery requirements and shall be awarded on the basis of the combined evaluation rather than cost alone.
- 33.3.2. Where the lowest cost technically compliant quotation is accepted the Head of the Business Unit or an authorised employee of the Business Unit concerned shall award the quotation by approving the requisition for purchase provided the value of such purchase falls within the authorisation limit of the Head of the Business Unit or the authorised employee.
- 33.3.3. Where a quotation other than the lowest cost technically compliant quotation is proposed to be accepted the quotation shall be referred to the Tender Board for approval.
- 33.3.4. The Head of the Business Unit or designate may approve requisitions to the value not exceeding the applicable authorisation level of the Head of the Business Unit for store items and line materials. The Procurement Section shall scrutinise all approved requisitions received for purchase to ensure that proper procurement and tender procedures have been followed. The Procurement Section shall reject and refer back to the originators all the requisitions that fail to comply with the prescribed



procedures. All such incidents shall be reported to the Tender Board.

### **33.4. Awarding of Tenders**

33.4.1. The Head of the Business Unit or an authorised employee of the Business Unit concerned shall award the tender by approving the requisition for purchase where:

- a) The value of the tender is within the applicable authorisation level of the Head of the Business Unit.
- b) No tenders have been disqualified for technical or financial reasons; and
- c) The lowest cost tender is accepted.

33.4.2. The award of the tender shall be referred to the Tender Board for approval where:

- a) A tender other than the lowest cost tender is proposed to be accepted, or
- b) Any tender is disqualified for technical or financial reasons; or
- c) The value of the tender exceeds the applicable authorisation level of the Head of the Business Unit.

## **34. COMMUNICATION OF TENDER ADJUDICATION OUTCOME TO TENDERERS**

### **34.1. Successful Tenderers**

34.1.1. A successful Tenderer shall be notified of the award in writing.

34.1.2. A letter of acceptance duly signed by the Chairperson of the Tender Board or designate shall be forwarded to the Tenderers before the stipulated tender validity period expires.

### **34.2. Unsuccessful Tenderers**

34.2.1. Unsuccessful Tenderers shall be informed in writing once the successful Tenderer has been informed and has accepted the award in writing.

- 34.2.2. The communication to unsuccessful Tenderers shall be signed by the Chairperson of the Tender Board or his/her designate.

### **35. MEDIA COVERAGE**

- 35.1. In the event of a Tender being awarded or a Letter of Intent to award a Tender being issued to the Tenderer prior to the signing of the official contract, the Tenderer shall seek the written approval of NamPower (Marketing Section) before any media release pertaining to the project or tender is released to any media locally, regionally or internationally.

### **36. VARIATION OF SCOPE OF WORKS OF CONTRACT**

- 36.1. NamPower may request a contractor during the execution of a contract to make changes, modifications, additions or deletions to the works, provided that such variations fall within the general scope of the works of a contract and do not constitute unrelated work, taking into account both the state of advancement of the works and the technical compatibility of the variation envisaged.
- 36.2. The Head of the Business Unit or any designated employee may authorise variation orders applicable to his/her Business Unit provided the amount of such variation order does not exceed 10% of the initial contract amount. .
- 36.3. All variations in excess of 10% of the initial contract amount with the exceptions of increases as a result of statutory or other legal requirements, shall be approved at the appropriate level of approval with reference to the levels of delegated authority taking into account the cumulative value of the initial contract amount and all the variation orders awarded on that contract.
- 36.4. Unless approved by either the Tender Board, the Managing Director, Board Tender Committee or the Board of Directors, agreements or contracts may not be extended, assigned, sublet or varied nor have their material terms and conditions altered or varied without an appropriate approval as the case may dictate, being procured by reference to the levels of delegated authority.
- 36.5. All variation orders shall be reported to the Tender Board in writing as soon as they have been awarded.

### **37. RISK MANAGEMENT**

- 37.1. All NamPower employees and stakeholders engaged in procurement shall strive to mitigate the risks associated with the procurement process.
- 37.2. Risk management shall therefore form part of the business planning for acquiring goods and services.



- 37.3. Where appropriate, Business Units shall insure for procurement related risks, establish risk management programmes or make advance provision for losses associated with such risks.

## **38. TENDER SECURITY**

- 38.1. NamPower, in its own discretion, may request tender security in the form of cash, a bond or a bank guarantee underwritten by a bank acceptable to NamPower which shall be valid for the period stated in the tender document.

## **39. PERFORMANCE SECURITY**

### **39.1. Advance Payment Bond**

- 39.1.1. Under certain circumstances Tenderers may require an advance payment from NamPower upon award of contract but prior to the delivery of services or goods to NamPower.
- 39.1.2. In such an event, NamPower may require an irrevocable on-demand guarantee in favour of NamPower as security for the upfront payment.
- 39.1.3. The terms and conditions of such an advance payment guarantee shall be stated in the terms of reference.

### **39.2. Performance guarantees**

- 39.2.1. Under certain situations NamPower may require performance guarantees from its suppliers. The tender documents shall specify the guarantees required.
- 39.2.2. Performance guarantees are to be relative to the degree of contractual risk to which NamPower is exposed.
- 39.2.3. Performance guarantees are to spread the cost of the risk of failure between the contracting parties and shall be set at such a level that all NamPower's costs relating to such failure are likely to be recovered.
- 39.2.4. Adequate and prudent provisions are to be made in all engineering and construction works contracts to ensure that NamPower has adequate funds available to rectify defects.
- 39.2.5. Performance bonds in engineering and construction works contracts may be waived, if in the opinion of the Head of the Business Unit, the contract relates to a low value, low risk or



where a third party carries the risk of failure in an acceptable manner.

### **39.3. Retention Security (Money or guarantee or a combination thereof)**

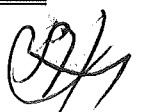
- 39.3.1. Upon a contractor completing contracted work to NamPower's satisfaction, the contractor shall warrant that the works, goods or services completed conform to the drawings and/or specifications; and that it will be new and suitable for the purpose for which it was intended and will not be defective.
- 39.3.2. NamPower will stipulate in its tender documents the relevant retention security conditions it will require from the successful Tenderer to ensure fulfilment of the Contractor's obligations during the contract and warranty periods.

## **40. SUPPLIER PERFORMANCE EVALUATION**

- 40.1. The Business Units in consultation with the Procurement Office shall, on a regular basis, evaluate suppliers' performance.
- 40.2. NamPower shall use fair and equitable measures to evaluate and rate suppliers' performances.
- 40.3. The measurements shall include ratings for quality, on time delivery, after sale customer services, innovativeness, responsiveness to NamPower's needs and to complexity and price.

## **41. SUPPLIER MISCONDUCT OTHER THAN BREACH OF CONTRACT**

- 41.1. Without prejudice to any legal or contractual rights or remedies that NamPower may have, a supplier shall be guilty of misconduct in terms of this Policy if such a supplier:
  - 41.1.1. Contravenes or fails to comply with NamPower's Tender and Procurement Policy and Guidelines;
  - 41.1.2. Is the direct or indirect cause of disciplinary action being taken against a NamPower employee;
  - 41.1.3. Promotes or incites labour unrest at a NamPower site;
  - 41.1.4. Causes conflict on any NamPower site;
  - 41.1.5. Without authorisation utilises NamPower's labour, material, transport, equipment and assets to its own advantage or to the advantage of another;



- 41.1.6. Is in unauthorised possession of, or removes or attempts to remove property belonging to NamPower, NamPower employees, other suppliers or visitors;
- 41.1.7. Is found guilty by a competent court, or has paid an admission of guilt, in respect of any criminal offence which can breach a necessary trust relationship between NamPower and the supplier;
- 41.1.8. Discloses information obtained in the course of its duties with NamPower which is confidential to NamPower;
- 41.1.9. Without the written consent of NamPower, directly or indirectly offers or gives any inappropriate benefit or compensation in cash or otherwise to an employee of NamPower because of the employee's association, engagement or duties with NamPower;
- 41.1.10. Wilfully or negligently damages NamPower's property;
- 41.1.11. Makes any false statement or representation which relates to or arises from its contractual duties;
- 41.1.12. Falsifies any documents or records which relate to its duties;
- 41.1.13. Builds up a history of poor performance over a number of contracts;
- 41.1.14. Knowingly gives false evidence during proceedings in terms of the provisions of this Policy;
- 41.1.15. Misrepresents the facts in its application to be listed as a NamPower supplier;
- 41.1.16. Fails to disclose substantive changes in its status which would affect its registration as a BEE Supplier in terms of NamPower's BEE policy.

## **42. BLACKLISTING OF SUPPLIERS**

- 42.1. The Tender Board may withdraw the approval of a supplier where a contractual default by the supplier is experienced. Non-performance shall normally be related to failing to meet contractually agreed criteria such as delivery deadlines, quality standards, back-up service requirements.
- 42.2. Based on merit, blacklisting shall be valid for a minimum period of two years, but can be permanent if proved that the nature of the misconduct has resulted in significant loss or awarding a contract to a Tenderer pose a significant risk to NamPower.
- 42.3. The Business Unit concerned may motivate to the Tender Board to have the blacklisting period shortened to less than two (2) years.
- 42.4. In situations where suppliers/contractors have not performed satisfactorily, the Business Unit concerned, through the Procurement Section, shall inform such supplier/contractor in writing in this respect.



- 42.5. It is desirable that the Tender Board be informed thereof timely and in writing if the supplier/contractor fails to satisfy the Business Unit and persists with poor performance. An indication should be given of the steps taken or to be taken to ensure satisfactory execution of the contract, or whether the matter is merely being brought to the Tender Board's attention.
- 42.6. Where the supplier/contractor's unsatisfactory performance is of such a nature that he/she should be placed on the list of restricted suppliers/contractors, a fully motivated submission is required together with evidence of previous complaints or requests to improve its services.
- 42.7. In all cases the supplier/contractor shall be informed that he/she has been reported to the Tender Board for the purpose of blacklisting the supplier. The Tender Board shall notify the supplier/contractor and he/she shall be given an opportunity to state his case before the blacklisting is made final.
- 42.8. Any party aggrieved by decisions taken in terms of this Clause 42 may lodge a complaint in writing addressed to the Chairperson of the Tender Board.

### **43. PREFERENTIAL PROCUREMENT**

- 43.1. Consistent with the Namibian development goals to grow the economy and create employment opportunities, NamPower shall in compliance with the BEE Policy make efforts to ensure that Previously Disadvantaged Namibians (PDNs), and individuals or firms located in or owned in substantial part by persons residing in the area of a NamPower project are utilised wherever possible.
- 43.2. Any specific objectives for which points may be awarded shall be clearly specified in the invitation to submit a quotation/tender and shall be measurable, quantifiable and monitored for compliance.

#### **43.3. Joint Ventures**

- 43.3.1. NamPower supports the principle of subcontracting and joint venture agreements in its procurement activities as a means of furthering its preferential procurement policy objectives, provided that it does not result in additional costs or risks to NamPower.
- 43.3.2. NamPower shall require Tenderers to submit joint venture agreements with terms and conditions acceptable to NamPower and require joint and several liability clauses between the parties to the joint venture to manage the risks to NamPower, where applicable.

#### **43.4. BEE Compliance Policy**

- 43.4.1. All suppliers that enter into contracts with NamPower shall be required to co-operate fully with NamPower by providing information that will enable NamPower to determine the Enterprise's Ownership Score for BEE purposes specifically and BEE Compliance generally. These suppliers shall undertake to ensure that each of their directors/officers/employees and professional advisors shall provide such support and co-operation as may be required.
- 43.4.2. In addition to this Clause 43.4 and for the purpose of advancing the BEE concept, NamPower may reserve specific procurement activities for SME and BEE enterprises.

#### **44. VENDOR REGISTRATION**

- 44.1. NamPower shall procure all goods and services from Registered Suppliers only.
- 44.2. The registration of suppliers is the responsibility of the Procurement Section.
- 44.3. Registration as a Registered Supplier in itself shall not commit the Company to any procurement of goods and services.
- 44.4. NamPower may negotiate the supply of goods and services with unregistered suppliers provided such suppliers commit themselves to registering themselves with NamPower in accordance with the NamPower vendor registration form before the supply agreement is concluded and/or an official NamPower order is issued.
- 44.5. NamPower shall place advertisement in the local representative newspapers, at periodic intervals and invite suppliers/service providers to apply for evaluation and registration as prospective suppliers/service providers in different commodities and categories.
- 44.6. Prospective suppliers shall be allowed to submit applications for registration at any time. All suppliers shall be compelled to provide the necessary documentations and comply with the essential requirements prior to being approved as Registered Suppliers.
- 44.7. NamPower may operate a qualification system for suppliers, where technical, safety, financial or environmental factors demand.
- 44.8. The system would be based on the objective criteria set by NamPower Business Units and duly approved by the Tender Board. Such criteria and rules would then be availed to interested suppliers on request and such suppliers would be notified of any changes to the criteria.



## **45. VENDOR CLASSIFICATION**

- 45.1. NamPower shall establish and maintain a list of prospective suppliers for goods and services for the purpose of obtaining quotations.
- 45.2. The prospective supplier list shall be used effectively to promote the Previously Disadvantaged Namibians and Small and Medium Enterprises (SMEs).
- 45.3. Prospective suppliers are to be assessed in terms of a NamPower predetermined evaluation criterion for pre-qualifying and approving suppliers.
- 45.4. Suppliers may be removed from the list of NamPower approved suppliers for lack of compliance with relevant legislation, non-performance and fraud and/or corruption.
- 45.5. Where a contract or tender has been awarded to a supplier that is not registered with NamPower, such a supplier shall first register with NamPower as a NamPower supplier if such a Supplier intends to maintain a long term business relationship with NamPower.
- 45.6. If registration of such a supplier is not possible, the supplier shall be treated as a one time vendor.

## **46. ETHICS AND FAIR DEALINGS**

- 46.1. NamPower commits itself to a policy of fair dealing and integrity in conducting its procurement activities.
- 46.2. All employees, consultants, suppliers and NamPower agents are required to promote an environment where business will be conducted in a fair, transparent and reasonable manner and with integrity.
- 46.3. All employees shall ensure that they perform their duties efficiently, effectively and with integrity, in accordance with the relevant policies, legislations and regulations.

### **46.4. Gifts and hospitality**

- 46.4.1. Employees shall not compromise the credibility or integrity of NamPower through the acceptance of gifts or hospitality or any other related act. Employees shall exercise caution in the acceptance of such gifts.

### **46.5. Combative practices**

- 46.5.1. NamPower employees are prohibited from engaging themselves in combative practices. These practices include but are not limited to:



- a) Fictitious lower quotations;
- b) Exploiting errors in tenders; and
- c) Soliciting tenders from Tenderers whose names appear on the list of restricted Tenderers/suppliers/persons.

## **47. FRAUD AND CORRUPTION**

- 47.1. The Tender Board shall reject a proposal for award if it determines that the supplier/service supplier recommended for award, has engaged in corrupt or fraudulent activities in competing for the contract in question.
- 47.2. A supplier/service supplier that engages in corrupt or fraudulent activities will be blacklisted.
- 47.3. Disciplinary action shall be taken against NamPower employees who engage themselves in such activities.

## **48. LABOUR RELATIONS**

- 48.1. NamPower subscribes to best practices of equitable and fair labour practices. It is therefore incumbent upon the Business Units to ensure that suppliers/contractors comply with all provisions of national labour legislation.

## **49. SAFETY, HEALTH AND ENVIRONMENT**

- 49.1. NamPower promotes occupational health and safety for its employees and that of contractors' employees performing work on site and/or NamPower premises.
- 49.2. NamPower subscribes and operates within the framework of the Namibian legal requirements, including but not limited to the regulations regarding Occupational Health and Safety. As such, all contractors shall adhere to NamPower health and safety standards.

## **50. DISPOSALS**

- 50.1. Obsolete or surplus stock, goods, material and equipment shall be disposed off by either competitive offers or auction (external or internal).
- 50.2. NamPower may also in its absolute discretion decide to donate obsolete goods such as computer equipment to charitable causes.
- 50.3. Only the Head of Finance, Treasury and Property Management, and in his absence, the Managing Director, may approve the disposal of obsolete or surplus stock, goods, material and equipment.



- 50.4. With respect to external offers, NamPower shall invite a sufficient number of offers to provide a reasonable degree of competition for the value of goods involved, without creating undue administrative cost for NamPower or participants. The estimated value and standard ranges of invitations are outlined in the Tender and Procurement Guidelines.
- 50.5. Where circumstances or market conditions make it necessary (or highly advantageous) for NamPower to invite more or less participants than the standard number of firms as required by the Tender and Procurement Guidelines, the specific justification shall be documented and approved by an officer who would ultimately be expected to approve the disposal.

## **51. SPECIAL PROJECTS FINANCED BY EXTERNAL INSTITUTIONS**

- 51.1. Special procurement procedures and standards may apply for special projects financed by external funding organisations.
- 51.2. Where these procedures are stated clearly in the financing agreements, they shall take precedence over NamPower's Procurement Policy for the purposes of that specific project.
- 51.3. The Tender Board shall be notified in advance of such special agreements.
- 51.4. The procurement of goods and services not related to that specific project shall not be affected by such special procedures and shall be undertaken in terms of this Tender and Procurement Policy.

## **52. ENFORCEMENT OF THE POLICY**

- 52.1. The Managing Director has the overall accountability for the procurement of goods and services required to support the business of NamPower. Therefore, the Managing Director is ultimately responsible for enforcing the NamPower Tender and Procurement Policy.

## **53. BREACH OF THE POLICY**

- 53.1. The Managing Director or nominee is responsible for authorising corrective action to rectify all breaches of NamPower Tender and Procurement Policy and the Procedures, e.g. suspected breaches that may involve corrupt conduct, maladministration or serious and substantial waste, and to institute disciplinary action against NamPower employees involved in or reasonably suspected of being involved in such activities.



### **53.2. Reporting Breach**

- 53.2.1. All suspected breaches of this Policy and procedures shall, in the first instance be reported to the relevant Head of Business Unit, who shall investigate the matter and advise the Managing Director of the outcome of each reported breach.
- 53.2.2. Suspected breach of a serious nature shall be reported directly to the Managing Director and the Head of Internal Audit.
- 53.2.3. All reports received shall be treated with appropriate concern for the law, privacy and confidentiality.

### **53.3. Penalties for Breach**

- 53.3.1. Any breach of this Policy may constitute grounds for disciplinary action, which shall be dealt with in accordance with the NamPower Disciplinary Code and Code of Conduct.

## **54. APPROVAL AND DELEGATED AUTHORITY**

- 54.1. This Tender and Procurement Policy is approved by the NamPower Board of Directors and can only be amended or modified by the NamPower Board of Directors.
- 54.2. The Board has delegated the implementation and monitoring of this Policy to the Board Tender Committee which in turn is empowered to delegate the implementation thereof to the NamPower Management, through the Tender Board.
- 54.3. The Tender and Procurement Policy shall be reviewed every three years by the Tender Board and the Board Tender Committee and updated subject to Board approval or when prevailing circumstances warrant an earlier review.

## 55. REVISION HISTORY

This Policy has been approved on 01 December 2011 and has been revised in accordance with the following table:

Date	Rev No.	Change	Reference Sections

**Signature:**



.....

**PI Shilamba**

**Managing Director**

## ANNEXURE 1

### SCHEME OF DELEGATED AUTHORITY

#### 1. Introduction

- 1.1. These Guidelines are designed to provide guidance to all employees and senior management with basic information concerning their authority to make decisions relating to the procurement of goods and services.
- 1.2. The Managing Director may delegate to the Head of each Business Unit the authority to procure goods and services within the limits set out in the approved budget.
- 1.3. The Procurement of goods and services shall be undertaken in terms of the Tender and Procurement Policy.

#### 2. Authority Levels

- 2.1. The following authorisation levels shall apply to all procurement activities:

Description	Authority Amount
Managers (includes only those functional Managers that report directly to the Head of a Business Unit )	N\$0 - N\$150 000
Head of the Business Unit	N\$50 001 - N\$500 000
Tender Board	N\$500 001 - N\$10 million.
Managing Director	>N\$10 million - N\$20 million. .
NamPower Board Tender Committee	>N\$20 million – N\$50 million
(Board of Directors) Full Board	All amounts exceeding N\$50 million

#### 3. Procurement thresholds

- 3.1. Where the value of procurement (excluding VAT) or the value of the contract over the full contract period (including options to extend) is, or is expected to be within the ranges identified below, the following procurement methods and approval guidelines shall apply:

Value of Procurement Activity	Procurement method/Conditions	Description	Required Approval Level
0 - N\$500 (as per NP tariff book)	Petty cash purchases.	<p>Regarded as low value, low risk purchases.</p> <p>At least one quotation is to be obtained, where appropriate</p> <p>Sundry purchases of refreshments and other consumables may be undertaken without the need for a quotation</p>	Any Authorised person as determined by the Head of the Business Unit
0 - N\$500	General Pro-forma Orders (supplies and services)	<p>Regarded as low value, low risk purchases</p> <p>Applicable to employees residing outside or travelling outside Windhoek only.</p> <p>At least one quotation is to be obtained, where appropriate.</p>	Any Authorised person as determined by the Head of the Business Unit
N\$501- 1000	Pro-forma (Bush) Orders (accommodation)	<p>No quotation required.</p> <p>Accommodation for one night only. Employees shall ensure that the most reasonable accommodation rates are used.</p>	Any Authorised Person as determined by the Head of the Business Unit
> N\$1 001 –	Obtain a minimum	Order must be issued	Manager

Value of Procurement Activity	Procurement method/Conditions	Description	Required Approval Level
N\$5 000	of one written quotation.	before consumption or usage of goods or services	
> N\$5 000 – N\$10 000	Obtain a minimum of <u>two written quotations.</u>	If, despite reasonable efforts to obtain the required number of quotations, fewer than the required number are received, or the procurement is under an existing contract or a preferred supplier agreement, the procurement activity may proceed if authorised by the user's supervisor. If only a single source or specific or unique supplier exists, the procurement activity may proceed only with specific approval of the CO of the BU or designate.	Manager
> N\$10 000 – N\$150 000	Obtain minimum of <u>three written quotations.</u>	If, despite reasonable efforts to obtain the required number of quotations, fewer than the required number are received, or the procurement is under an existing contract or preferred supplier agreement, the procurement activity may proceed if	Manager

Value of Procurement Activity	Procurement method/Conditions	Description	Required Approval Level
		<p>authorised by the Head of the Business Unit or designate.</p> <p>If only a sole source or specific or unique supplier exists, the procurement activity may proceed only if a Tender Board exemption already exists.</p>	
> N\$150 001 – N\$500 000	Obtain minimum of <u>three written quotations.</u>	<p>If, despite reasonable efforts to obtain the required number of quotations, fewer than the required number are received, or the procurement is under an existing contract or preferred supplier agreement, the procurement activity may proceed if authorised by the Head of the Business Unit or designate.</p> <p>If only a sole source or specific or unique supplier exists, the procurement activity may proceed only if a Tender Board exemption already exists.</p>	Chief Officer

Value of Procurement Activity	Procurement method/Conditions	Description	Required Approval Level
		<p>Public/selective tenders =&lt; N\$500 000 shall be approved by the Chief Officer of the BU.</p> <p>If a tender other than the lowest cost tender is proposed to be accepted, or a tender has been disqualified or rejected the awarding of the tender shall be referred to the Tender Board for approval.</p>	<p>Chief Officer</p> <p>Tender Board if other than the lowest bid is accepted or a tender has been disqualified or rejected.</p>
> N\$500 001 – N\$10 000 000	Tender process	<p>If the procurement is under an existing Contract or a Preferred Supplier Agreement, the procurement activity may proceed if authorised by the Head of the Business Unit.</p> <p>The Head of the Business Unit may authorise selective tendering where a pre-qualified list of Tenderers has been established and approved by the Tender Board, based on an open competitive process.</p>	<p>Chief Officer</p> <p>Chief Officer if prequalified suppliers from a pre-established list are used.</p> <p>Tender Board if no prior approval of prequalification exists</p> <p>Tender Board if a sole source, specific or unique supplier is used.</p>

Value of Procurement Activity	Procurement method/Conditions	Description	Required Approval Level
		If only a sole source or specific or unique supplier exists, the procurement activity may proceed if authorised by a resolution of the Tender Board, or an out of session document of agreement (round-robin) signed by at least half of the Tender Board members plus the Chairperson.	
Any value covered in a Preferred Supplier Agreement	Preferred suppliers shall be used. No quotation unless there is more than one Preferred Supplier for a good or service or the unit price is not covered by the Contract. Preferred supplier agreements shall be reviewed annually	If the procurement is under an existing Contract or a Preferred Supplier Agreement, the procurement activity may proceed if authorised by the Head of the Business Unit.	Chief Officer
* - <b>Manager</b> means an employee reporting directly to the Head of a Business Unit.			
<b>Splitting requirements to circumvent the Tender Board's delegated powers will constitute a breach of the procurement procedures.</b>			






- 3.2. The splitting of requirements into two or more orders in order to avoid having to route the requirement with the necessary authorisation through the Procurement Section or to avoid a tendering process or having to obtain at least three quotations is prohibited.
- 3.3. Procurement of goods and services below the threshold set by the Tender Board shall be the responsibility of the respective Business Unit provided such purchases are approved by the authorised staff. Whilst it is recommended to have a number of suppliers quoting for the supply of goods and services, one quotation shall be sufficient for procurement of goods and services within this category.
- 3.4. Unless otherwise stated to the contrary in this Policy, the Procurement Section shall be responsible for procurement of all goods and services in excess of a value threshold as determined by the Tender Board from time to time.

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## ANNEXURE 2

The table below gives an overview of the various Procurement methods used for different requirement characteristics, the corresponding method of evaluation, and the mode of submission (one-envelope or two-envelope system)

REQUIREMENT	PROCUREMENT METHOD	EVALUATION METHOD	ONE/TWO ENVELOPE SYSTEM
Requirements below the applicable authorisation level of the Chief Officer, where the requirement is clear and specific	Request for quotations	Lowest priced most technically acceptable, or First ranked supplier in terms of an evaluation matrix incorporating Technical, Financial and BEE scores	No requirement for sealed offers
Goods , services, works with standard or firm specifications that can be expressed qualitatively and quantitatively	Invitation to Tender	Lowest priced technically compliant. Compliance defined as compliant/not compliant for <u>all issues</u> . or First ranked supplier in terms of an evaluation matrix incorporating Technical, Financial, Delivery and BEE scores	One-envelope



REQUIREMENT	PROCUREMENT METHOD	EVALUATION METHOD	ONE/TWO ENVELOPE SYSTEM
Goods , services, works with specifications that cannot be qualitatively and quantitatively expressed			
		Lowest priced technically compliant. A point system with a minimum threshold defining compliance pertaining to Technical, Financial, BEE, Delivery and other scores stipulated by the Tender document.	Two-envelope
		Cumulative analysis	Two-envelope