

# NATIONAL HOUSING FINANCE CORPORATION SOC LTD (NHFC)

BID NUMBER: FM01/05/2023

**BID DESCRIPTION: REVIEWING, DEVELOPING AND REDESIGNING OF THE CREDIT, LENDING AND INVESTMENT POLICY AND PROCEDURES, PRICING POLICY AND PROCEDURES, AND RISK APPETITE STATEMENT**



Issued by:
NHFC 90 Grayston Drive 90 Grayston Building Sandton

Full Name of Bidding/Tendering Entity: \_\_\_\_\_

Contact Person: \_\_\_\_\_

Tel Number: \_\_\_\_\_

Advert Date: 03 May 2023

Non-Compulsory Briefing Session: 16 May 2023 at 11:00am on MS Teams

Closing Date and Time: 02 June 2023 at 11:00am

Bid enquiries: tenders01@nhfc.co.za

Bidder's Authorised Signatory:

Initials and Surname: \_\_\_\_\_

Signature: \_\_\_\_\_

## **BID DOCUMENTS CHECK LIST:**

The contents of the BID document must be as follows, and numbered as per the numbering below, with each schedule separated from the next schedule with a divider. All must be bound or in a file. Please complete the checklist below to verify your submission of the relevant documents:

<b>Schedules</b>	<b>Description</b>	<b>Submitted – Indicate YES or NO</b>
Annexure 1	Valid TCS PIN certificate	
Annexure 2	Copies of Company Registration Documents	
Annexure 3	Copy of Valid B-BBEE Certificate / Sworn Affidavit	
Annexure 4	Central Supplier Database (CSD) Report Copy	
Annexure 5	SBD 1: Invitation to Bid	
Annexure 6	SBD 3.3: Pricing schedule (Professional services)	
Annexure 7	SBD 4: Bidder's Disclosure	
Annexure 8	SBD 6.1: Preference Point Claim Form in Terms of Preferential Procurement Regulations 2017	
Annexure 9	SBD 7.2 Contract Form Rendering of Services	
Annexure 10	Signed and Initialized General Conditions of Contract (GCC)	
Annexure 11	Resolution authorising the signatory to Sign	
Annexure 12	List of partners / directors of firm	
Annexure 13	Audited/reviewed financial statements of the bidder	
Annexure 14	One (1) original hard copy and a soft copy (CD/USB) must be submitted in a sealed envelope, appropriately addressed.	
Annexure 15	Protection of personal information Consent Form	
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## 1. Overview of the Bidding Process

The evaluation process shall comprise of 3 main phases:

- 1) **Pre-qualification or mandatory information** which involves completing and submitting certain documents/information which will be considered when evaluating the proposal.
- 2) **Functionality qualification phase** – Bidders are required to score a minimum of **80%** to qualify for the last evaluation phase.
- 3) **Evaluation based on the Pricing and B-BBEE score**

**Note:** Determine whether the service provider has any serious adverse reports such as; cited as aiding and abetting state capture, fraud and corrupt activities or misrepresenting audit outcomes of an organisation; suffered reputational harm due to wrongdoing; listed on the National Treasury restricted database; under investigation or facing charges for wrongdoing.

## 2. Tender Conditions

- This bid is subject to the Preferential Procurement Policy Framework Act 2000 and the General Conditions of Contract (GCC) and, if applicable, any other legislation or special conditions of contract.
- The lowest or any bid will not necessarily be accepted.
- NHFC reserves the right to reject submitted proposal(s) if deemed necessary. Should it be discovered by the NHFC that the bidder did not act in good faith and/or has declared incorrectly/falsely, NHFC reserves the right to disqualify or reject the bid.
- The NHFC reserves the right to disqualify a bid proposal if the bidder's proposal is not compliant with the scope of work/terms of reference,
- The NHFC reserves the right to reject a bid based on a perception of reputational risk that may arise if the bidder is appointed.
- If there is risk of litigation involving the bidder that may cause the going concern status of the bidder to be in doubt, the NHFC may reject the bid.
- The bidder is subjected to a due-diligence process which includes, screening, vetting, and/or any best practice that may be required in order for the NHFC to comply with legislation and its Policies and Procedures.
- The NHFC reserves the right to disqualify a bid if the bidder fails to meet reasonable request (s) within reasonable timelines. This includes the set deadline per request,
- Bid rigging/collusive behaviour by the bidder will result in disqualification and a report to National Treasury.
- No director may appear on more than one bidding company.
- This bid is subject to the General Conditions Contract as stipulated in this invitation.
- The NHFC deems the Bidder to have read and accepted these Conditions of the Bid.
- Any discrepancy between the evaluation copies and the master (original Hard copy) record, the master record will supersede the soft copy. Any discrepancy between the

original sets deposited to the NHFC and that kept by the bidder, the original set deposited with the NHFC is the master contract for both parties.

- The NHFC undertakes to pay out within 30 days from issuance of substantiated invoices issued in terms of this appointment (Payment schedule as defined in the service level agreement). No payment will be made on outstanding information not submitted by the service provider. Bidders must maintain an up-to-date Tax Compliant status.
- An eligible Bidder is required to provide the NHFC with completed and signed consent documents accompanied by certified copies of identification documents to enable the NHFC to conduct the probity checks (politically exposed persons and money laundering activities - World-Check). An undertaking that the company and the proposed team have not been implicated in unlawful or illicit activities or have not been charged or convicted for criminal or other offenses.
- Confirm that proposed new team members will undergo the probity screening prior to being added to the team.

## SBD 1 INVITATION TO BID – PART A

YOU ARE HEREBY INVITED TO BID FOR REQUIREMENTS OF THE NHFC SOC LTD.					
BID NUMBER:	FM01/05/2023	CLOSING DATE:	02 June 2023	CLOSING TIME:	11h00
DESCRIPTION	<b>Reviewing, Developing and Redesigning of the Credit, Lending and Investment Policy and Procedures, Pricing Policy and Procedures, and Risk Appetite Statement</b>				
<b>BID RESPONSE DOCUMENTS MAY BE DEPOSITED IN THE BID BOX SITUATED AT (STREET ADDRESS)</b>					
Ground Floor Reception, 90 Grayston Building, 90 Grayston Drive, Sandton					
<b>BIDDING PROCEDURE ENQUIRIES MAY BE DIRECTED TO</b>			<b>TECHNICAL ENQUIRIES MAY BE DIRECTED TO:</b>		
CONTACT PERSON	Pabalelo Shirindza		CONTACT PERSON	Fikelephi Mayisela	
TELEPHONE NUMBER	011 644 9929		TELEPHONE NUMBER		
FACSIMILE NUMBER	N/A		FACSIMILE NUMBER		
E-MAIL ADDRESS	<a href="mailto:Tenders01@nhfc.co.za">Tenders01@nhfc.co.za</a>		E-MAIL ADDRESS	<a href="mailto:Tenders01@nhfc.co.za">Tenders01@nhfc.co.za</a>	
<b>SUPPLIER INFORMATION</b>					
NAME OF BIDDER					
POSTAL ADDRESS					
STREET ADDRESS					
TELEPHONE NUMBER	CODE		NUMBER		
CELLPHONE NUMBER					
FACSIMILE NUMBER	CODE		NUMBER		
E-MAIL ADDRESS					
VAT REGISTRATION NUMBER					
SUPPLIER COMPLIANCE STATUS	TAX COMPLIANCE SYSTEM PIN:		OR	CENTRAL SUPPLIER DATABASE No:	MAAA
B-BBEE STATUS LEVEL VERIFICATION CERTIFICATE	TICK APPLICABLE BOX] <input type="checkbox"/> Yes <input type="checkbox"/> No		B-BBEE STATUS LEVEL SWORN AFFIDAVIT	[TICK APPLICABLE BOX] <input type="checkbox"/> Yes <input type="checkbox"/> No No	
<b>[A B-BBEE STATUS LEVEL VERIFICATION CERTIFICATE/ SWORN AFFIDAVIT (FOR EMES &amp; QSEs) MUST BE SUBMITTED IN ORDER TO QUALIFY FOR PREFERENCE POINTS FOR B-BBEE]</b>					
ARE YOU THE ACCREDITED REPRESENTATIVE IN SOUTH AFRICA FOR THE GOODS /SERVICES /WORKS OFFERED?	<input type="checkbox"/> Yes <input type="checkbox"/> No [IF YES ENCLOSE PROOF]		ARE YOU A FOREIGN BASED SUPPLIER FOR THE GOODS /SERVICES /WORKS OFFERED?	<input type="checkbox"/> Yes <input type="checkbox"/> No [IF YES, ANSWER THE QUESTIONNAIRE BELOW ]	
<b>QUESTIONNAIRE TO BIDDING FOREIGN SUPPLIERS</b>					
IS THE ENTITY A RESIDENT OF THE REPUBLIC OF SOUTH AFRICA (RSA)?					<input type="checkbox"/>
YES <input type="checkbox"/> NO					
DOES THE ENTITY HAVE A BRANCH IN THE RSA?					<input type="checkbox"/>
YES <input type="checkbox"/> NO					

DOES THE ENTITY HAVE A PERMANENT ESTABLISHMENT IN THE RSA?

YES  NO

DOES THE ENTITY HAVE ANY SOURCE OF INCOME IN THE RSA?

YES  NO

IS THE ENTITY LIABLE IN THE RSA FOR ANY FORM OF TAXATION?

YES  NO

**IF THE ANSWER IS "NO" TO ALL OF THE ABOVE, THEN IT IS NOT A REQUIREMENT TO REGISTER FOR A TAX COMPLIANCE STATUS SYSTEM PIN CODE FROM THE SOUTH AFRICAN REVENUE SERVICE (SARS) AND IF NOT REGISTER AS PER 2.3 BELOW.**

## PART B TERMS AND CONDITIONS FOR BIDDING

### 1. BID SUBMISSION:

- 1.1. BIDS MUST BE DELIVERED BY THE STIPULATED TIME TO THE CORRECT ADDRESS. LATE BIDS WILL NOT BE ACCEPTED FOR CONSIDERATION.
- 1.2. **ALL BIDS MUST BE SUBMITTED ON THE OFFICIAL FORMS PROVIDED--(NOT TO BE RE-TYPED) OR IN THE MANNER PRESCRIBED IN THE BID DOCUMENT.**
- 1.3. THIS BID IS SUBJECT TO THE PREFERENTIAL PROCUREMENT POLICY FRAMEWORK ACT, 2000 AND THE PREFERENTIAL PROCUREMENT REGULATIONS, 2017, THE GENERAL CONDITIONS OF CONTRACT (GCC) AND, IF APPLICABLE, ANY OTHER SPECIAL CONDITIONS OF CONTRACT.
- 1.4. **THE SUCCESSFUL BIDDER WILL BE REQUIRED TO FILL IN AND SIGN A WRITTEN CONTRACT FORM (SBD7).**
- 1.5. **NO BIDS WILL BE CONSIDERED FROM PERSONS IN THE SERVICE OF THE STATE, COMPANIES WITH DIRECTORS WHO ARE PERSONS IN THE SERVICE OF THE STATE, OR CLOSE CORPORATIONS WITH MEMBERS PERSONS IN THE SERVICE OF THE STATE."**

### 2. TAX COMPLIANCE REQUIREMENTS

- 2.1 BIDDERS MUST ENSURE COMPLIANCE WITH THEIR TAX OBLIGATIONS.
- 2.2 BIDDERS ARE REQUIRED TO SUBMIT THEIR UNIQUE PERSONAL IDENTIFICATION NUMBER (PIN) ISSUED BY SARS TO ENABLE THE ORGAN OF STATE TO VERIFY THE TAXPAYER'S PROFILE AND TAX STATUS.
- 2.3 APPLICATION FOR TAX COMPLIANCE STATUS (TCS) PIN MAY BE MADE VIA E-FILING THROUGH THE SARS WEBSITE WWW.SARS.GOV.ZA.
- 2.4 BIDDERS MAY ALSO SUBMIT A PRINTED TCS CERTIFICATE TOGETHER WITH THE BID.
- 2.5 IN BIDS WHERE CONSORTIA / JOINT VENTURES / SUB-CONTRACTORS ARE INVOLVED, EACH PARTY MUST SUBMIT A SEPARATE TCS CERTIFICATE / PIN / CSD NUMBER.
- 2.6 WHERE NO TCS PIN IS AVAILABLE BUT THE BIDDER IS REGISTERED ON THE CENTRAL SUPPLIER DATABASE (CSD), A CSD NUMBER MUST BE PROVIDED.

**NB: FAILURE TO PROVIDE / OR COMPLY WITH ANY OF THE ABOVE PARTICULARS MAY RENDER THE BID INVALID.**

SIGNATURE OF BIDDER: .....

CAPACITY UNDER WHICH THIS BID IS SIGNED: .....  
(Proof of authority must be submitted e.g. company resolution)

DATE:.....

## TENDER CONDITIONS

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### 3. DEFINITIONS

- (a) The word "Bidder" in these conditions shall mean and include any firm of Contractors, Suppliers, Service Providers or any company or body incorporated or unincorporated.
- (b) The word "Employer" in these conditions shall mean the NHFC.

### 4. COMPULSORY REQUIREMENTS

- (a) Valid TCS PIN
- (b) Proof of Company Registration.
- (c) Copy of valid B-BBEE certificate
- (d) Central Supplier Database (CSD) Report Copy
- (e) Submission of the following Signed and Completed Standard Bid Documents(SBD) Forms
  - SBD 1: Invitation to Bid
  - SBD 3.3: Pricing Schedule (Professional services)
  - SBD 4: Bidder's Disclosure
  - SBD 6.1 Preference Points Claim Form in terms of preferential procurement
  - SBD 7.2 Contract Form – Rendering of Services
  - Signed and initialed General Conditions of Contract (GCC)
- (f) Audited/reviewed financial statements of the bidder
- (g) POPIA Consent Form

All forms, annexures, addendums and specifications shall be signed and completed and returned with the Bid Document as a whole.

### 5. BID DOCUMENT

- (a) The bid document must be completed in all respects in non-erasable ink.
- (b) Bids must be submitted on original bid documents.
- (c) Bid documents must remain intact and no portion may be detached.

### 6. PERIOD OF VALIDITY FOR BIDS AND WITHDRAWAL OF BID AFTER CLOSING DATE

All Bids must remain valid for a period of **120** days from the closing date as stipulated in the Bid document.

### 7. VALUE ADDED TAX

In calculating the cost of the supply and delivery of services and / or material, the supplier will issue a "Tax Invoice" for all services rendered and / or materials supplied, which will reflect the exclusive cost of such services, goods or materials with the relevant Value Added Tax being added to the total. VAT must be included in the Bid price but must be shown separately. Should a bidder not be VAT registered at the time of the bid and subsequently register for VAT, the price may not be adjusted.



## 8. AUTHORITY TO SIGN BID DOCUMENTS

In the case of a Bid being submitted on behalf of a company, close corporation or partnership, evidence must be submitted to the Employer at the time of submission of the Bid that the Bid has been signed by persons properly authorised thereto by resolution of the directors or under the articles of the entity.

## 9. SUBMITTING OF BIDS

Bids must be submitted in sealed envelopes clearly marked “**Review, Developing and Redesigning of a Credit, Lending and Investment Policy, Pricing Policy and Risk Appetite Statement**”. The Bid must be deposited in the bid box at the below address:

**Ground Floor Reception Area  
90 Grayston Building  
90 Grayston Drive  
Sandton**

## 10. CLOSING DATE AND TIME

Bid should reach the above address for submission by no later than **02 June 2023 at 11:00 am**. No late bids will be accepted or considered.

## 11. BID ENQUIRIES

Please refer all enquiries to the below mentioned persons for assistance during normal office hours viz. 08h30 – 16h30 Mondays to Fridays.

### **Bidding Procedure Enquiries**

**Name: Pabalelo Shirindza**

**Email address: [Tenders01@nhfc.co.za](mailto:Tenders01@nhfc.co.za)**

## 12. JOINT VENTURE REQUIREMENTS

**DEFINITION:- “Joint Venture or Consortium”:** means an association of persons for the purpose of combining their expertise, property, capital, efforts, skill and knowledge in an activity for the execution of a contract.

Should a group of companies/firms and/or interested parties wish to enter into a joint venture/consortium agreement, the following minimum requirements must be met:-

- (a) A properly signed copy of the joint venture/consortium agreement must be attached.
- (b) Each member of the joint venture/consortium must provide a Tax Clearance Certificate.
- (c) After the award of a contract to a joint venture/consortium, the successful joint venture group or consortium must provide a combined joint venture/consortium Tax Clearance Certificate.

- (d) After the award of a contract to a joint venture/consortium, the successful joint venture group or consortium must provide the details of the joint venture / consortium banking details.
- (e) A trust, consortium or joint venture will qualify for points of their B-BBEE status level as a legal entity, provided that the entity submits their B-BBEE status level certificate.
- (f) A trust, consortium or joint venture will qualify for points for their B-BBEE status level as an unincorporated entity, provided that the entity submits their consolidated B-BBEE scorecard as if they were a group structure and that such a consolidated B-BBEE scorecard is prepared for every separate tender.

**13. THE JOINT VENTURE/CONSORTIUM AGREEMENT MUST CONTAIN THE FOLLOWING: -**

- (a) Who the managing member will be.
- (b) Who the signatory of authority will be.
- (c) How the joint venture/consortium share of profits will be split.
- (d) The bank account details where payments will be deposited into.
- (e) The agreement must be signed by all parties.
- (f) The agreement must be certified by a Commissioner of Oaths.
- (g) The postal and physical address where all correspondence will be sent to.

**14. TERMS OF REFERENCE**

**14.1 Introduction**

The NHFC, a Schedule 3A Development Finance Institution (DFI) of the National Department of Human Settlements, was established in 1996 with the principal mandate of broadening and deepening access to finance for the low to middle income South African households. The NHFC is largely a wholesale financier of social housing institutions, non-banking retail intermediaries, privately owned property developers and investors.

The target market of the NHFC is the low-to-middle income housing market which typically, includes households who earn between R3 501 and R22 000 per month. The NHFC mandate requires the company to make housing and housing finance accessible and affordable to facilitate this objective.

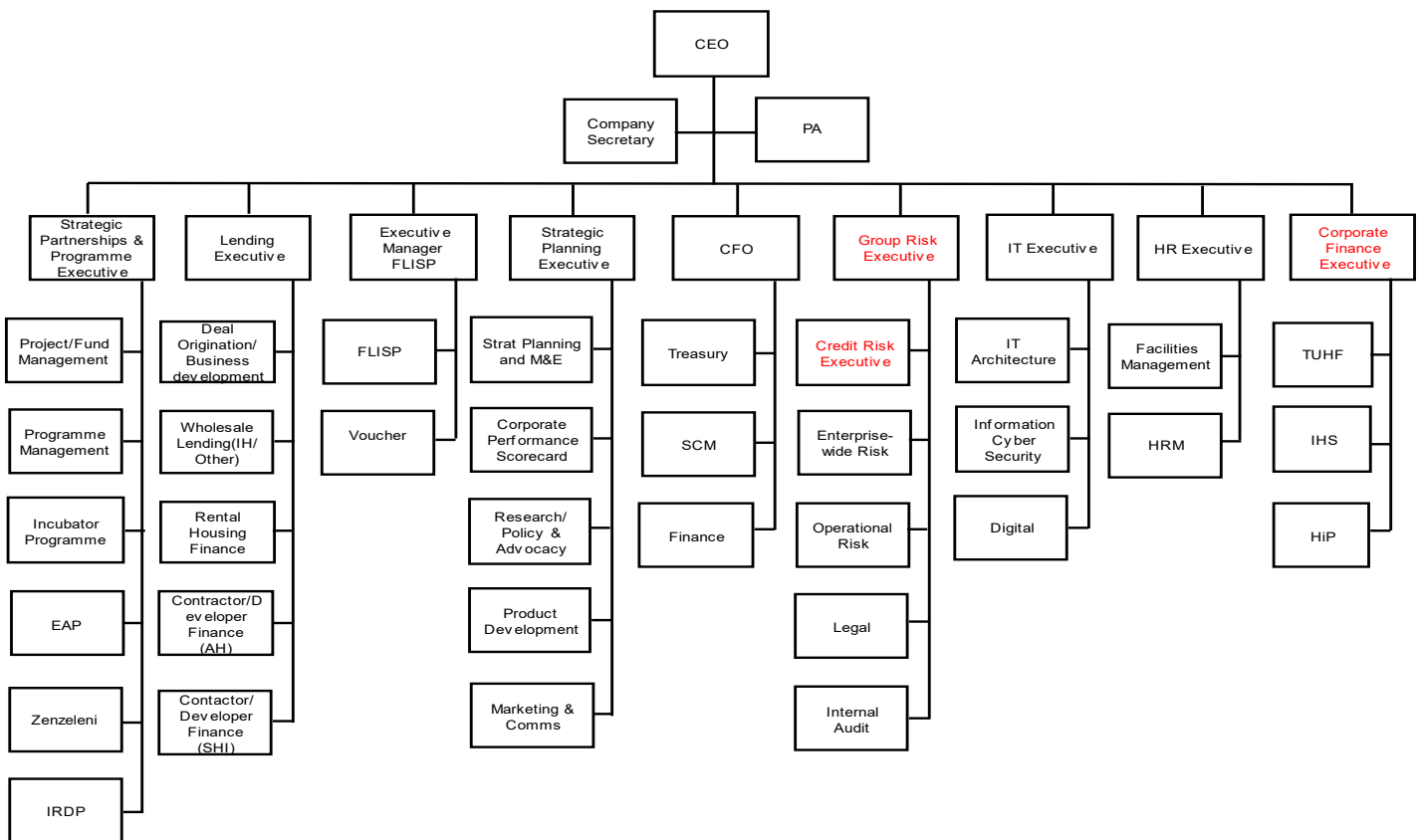
This is done through:

- providing wholesale funding to housing development projects for ownership, social housing and private rental, including inner cities, and for incremental housing purposes;
- partnering with banks and other non-banking retail financial intermediaries to increase their sustained lending and innovation in the target market served; and
- Leveraging private sector funding for the sustainable development of human settlements.

More specifically, NHFC's strategic priorities are to:

- Expand housing finance activities, through the effective provision of housing finance solutions, enabling low-to-middle income households to have the choice of renting, owning or incrementally building to meet their housing needs;
- Facilitate increased and sustained lending by financial institutions to the affordable housing market;
- Mobilise funding into the human settlements space on a sustainable basis, in partnership with a broad range of institutions;
- Conduct the business activities of the NHFC in an ethical manner that ensures the continued economic sustainability of the NHFC, while promoting sustainable social and environmental development; and
- Stimulate the low-to-middle income housing sector by providing robust, relevant and timely research and market analysis to practitioners and housing customers.

As at end of March 2022, NHFC's (in the company accounts) total assets were R5.8 billion and total assets for the consolidated/group accounts were R7.2 billion. NHFC employs 143 (121 NHFC full time, and 17 fixed contract) people and below is the NHFC organogram indicating the structure of the organisation.



NHFC also has two operating subsidiary companies, namely Cape Town Community Housing Company (CTCHC) – based in Cape Town with a total of 5 employees and NHFC Management Services (NMS) with no employees. CTCHC is mainly involved in collections of proceeds from housing developments and income (mainly interest) from houses sold via Instalment Purchase Agreements (IPAs) while NMS provides programme and fund management services. Both of these are VAT registered. In addition to these there are other subsidiaries which have amortising loan portfolios.

The NHFC has a portfolio that includes debt, quasi equity (mezzanine debt, junior debt etc.) and equity investments of clients that provide housing or funding products in the affordable housing market. As at end of March 2022, approximately 78% was invested in debt instruments, which are typically secured.

## 14.2 Establishment of Human Settlements Development Bank

NHFC supports the National Department of Human Settlements ("NDOHS") in its objective to achieve its housing mandate for the country.

The National Department of Human Settlements has committed itself to the establishment of a Human Settlements Development Bank (“HSDB”) in support of the entire human settlements delivery value-chain.

The HSDB establishment will include, among others, the Policy, Enabling Legislation, Business Case and Capitalisation, leading to a fully integrated HSDB. The timeframe for full establishment of HSDB is yet to be determined.

### **14.3 Reference Documents**

- The NHFC 2021/2022 Annual Report can be downloaded from the NHFC website. Additional documents will be made available on request by the bidder.
- The NHFC 2022/2023 Annual Performance Plan can be downloaded from the NHFC or the below website link. Additional documents will be made available on request by the bidder. <https://pmg.org.za/committee-meeting/34748/>

## **15. PURPOSE OF THE REQUEST FOR PROPOSAL (RFP)**

The purpose of this RFP is to solicit proposals from potential service providers to do the following for NHFC:

- Develop Credit, Lending and Investment Policy and Procedures;
- Develop Pricing Policy and Procedures; and
- Develop a Risk Appetite Statement and models.

The above should be treated as one (1) assignment and the responses should reflect as such.

It must be noted that while the NHFC does have the above Policies and Risk Appetite Statement in place, given the new strategic direction of the business, the management of the NHFC require a major overhaul of the policies and Risk Appetite Statement to be aligned with the future of the business.

The NHFC will share the current Credit Policy, Equity Investment Policy, Pricing Policy, Risk Appetite Statement and Business Case of the HSDB as a reference point for the assignment.

The assignment must be completed within 270 days (9 months) of appointment.

## **16. KEY DELIVERABLES**

NHFC is in the process of ensuring that our risk appetite statement, all our policies and procedures are of the quality that will enable nimble decision making and innovative solutions. The intention is that these policies will enable the HSDB to become a leader in its space and be the benchmark against which other development finance institutions measure themselves, rather than simply to copy what others are doing. Benchmarking exercises are therefore carried out to determine the base for these policies not aspects to be copied.

The Human Settlements Development Bank is to receive an equity injection once from the Department of Human Settlements and thereafter is expected to achieve sustainable returns ensuring that no further equity will be required. These policies together are expected to achieve this aim of sustainability.

Also, these policies must be aligned to the NHFC Risk Appetite statement.

Therefore, given the mandate of the NHFC and HSDB, there is a need to redesign Policies with the following key objectives:

- Making informed decisions around taking on credit and investment risks that are both financially sustainable and address our transformation and development mandate;
- Embedding the management of lending and investment risks into the daily business, management and decision-making processes;
- Collecting on and improving non-performing loans;
- Ensuring the achievement of acceptable risk adjusted returns for the equity and quasi equity portfolio;
- Compliance with regulatory requirements for governance, measurement, and disclosure of credit risk exposures; and
- Align the Risk Appetite Statement to the policies and strategic objectives of NHFC.

Below are expected outcomes from this exercise.

## **16.1 Credit, Lending and Investment Policy**

The NHFC's Lending and investment approach are considered risk averse. The aim is to integrate its Lending and Investment Policy with its developmental and transformation mandate in a manner which will ensure policy relevance and effectiveness. In order to achieve this objective, the following must be done:

- Redesign of the Credit, Lending and Investment Policies and develop financial models in line with the mandate and strategy of the NHFC as it moves to the HSDB;
- Designing Credit, Lending and Investment Policies and requisite procedures that govern the management of risk assumed in granting of loans, quasi equity and equity investments;
- Maximise the risk-adjusted rate of return on the NHFC's Lending and Investment activities while taking into context its developmental mandate
- The Credit, Lending and Investment policy must set out the criteria under which Lending and Investment decisions may be made utilizing funding instruments available to NHFC which include structured loan funding, ordinary shares, shares, preference shares, mezzanine debt, and junior debt;
- Undertake a benchmarking exercise with similar financial services institutions while always taking into account that development finance institutions like the NHFC exist to address market failure, and therefore it will not deliver if its policies mirror those that have led to the market failures.

## 16.2 Pricing Policy

The NHFC is required to be self-sustaining and thus needs to achieve a return on equity that over the long term, exceeds the inflation rate on average. The achievement of the target cannot be achieved by simply raising loan margins beyond the currently prevailing market pricing. Therefore in order to achieve this objective, the following must be done:

- Review and redesign current Pricing policies and procedures to ensure that pricing of NHFC products is risk-based while aligned to other commercial financial institutions rather than solely carrying out its mandate of addressing market failure.
- The NHFC adopts a cost plus loan pricing, which includes the following key components:
  - Cost of funding;
  - Cost of doing business (operational costs of the NHFC);
  - Expected credit loss (credit risk premium); and
  - Liquidity costs (costs associated with holding short term dated assets to meeting operational expenses and any financial covenants set by NHFC's financiers).
- Review the possibility of NHFC to address the transformation aspect of market failure; as NHFC is expected to provide equity to black owned entrepreneurs and facilitate their entry into the market. The returns required on this type of investment need to be carefully assessed to ensure that while risk is managed, the product remains marketable.
- Review the pricing of standard senior lending products with terms ranging from a few months to 30 years. NHFC offers mezzanine and junior debt products, and pricing of these products must be appropriate and understood.
- The risk pricing model should include a calculation functionality or component that will provide output showing how the price was arrived at, including any discounts provided for B-BBEE and Black ownership.
- In determining the pricing model, it will be necessary to determine an income statement, cash flow and balance sheet structure to support the loan pricing.

## 16.3 Risk Appetite Statement

A key gap in the existing Risk Appetite Statement is an assessment of the NHFC's risk appetite for equity and quasi-equity investments, as well as the pricing associated with such investments. For each of the policies, design procedures that should be used for implementing and reporting on them must be clearly articulated. These should be in the form of guidelines to ensure that flexibility is maintained. Therefore, the Risk Appetite Statement must be aligned as indicated below:

- Review and update the Strategic and Operational Risk Registers and confirm their relevance given the nature of the NHFC's operations;
- Designing a methodology for the calculation of Risk Bearing Capacity, Risk Tolerance levels aligned with the strategic objectives of the company;
- Develop a model that the NHFC can use for determining the Risk Appetite Statement aligned with the strategic objectives of the company;
- Review of Risk Appetite statement in line with the mandate and strategy of the NHFC;
- Align NHFC's Risk Appetite to strategic risks;
- Categorisation of the current loan, equity and quasi equity portfolio, from an overall as well as individual client perspective, where this analysis will consider all the relevant company policies and frameworks;

- Use the identified KRI's, stated Risk Appetite and calculated Risk Bearing Capacity to determine the appropriate Risk Tolerance Levels;
- Design the risk appetite monitoring program ("RAMP") consisting of performance measures and stress testing (Monte Carlo analysis etc.);
- Develop a tool and model (preferably in Excel) that will be owned by NHFC for future use. This tool or model shall be aligned with the financial projections/templates of the NHFC with respect to the financial projections as prepared by the Finance team of the NHFC/HSDB with key variables like disbursements, operational costs, credit loss ratios, capital structure etc; and
- Undertake a benchmarking exercise with similar financial services institutions.

## 17. SCOPE OF WORK

The NHFC requires the proposal on the following item(s) indicated in the below:

- Re-design the Credit, Lending and Investment Policy procedures, report templates (heatmaps etc.) and related financial models in line with the mandate and strategy of the NHFC as it moves to the HSDB (as per 16.1 above);
- Re-design a Pricing Policy, report templates (heatmaps etc.) and related financial models in line with the mandate and strategy of the NHFC as it moves to the HSDB (as per 16.2 above);
- Re-design a Risk Appetite Statement, reporting templates (heatmaps etc.) and related models in line with the mandate and strategy of the NHFC as it moves to the HSDB (as per 16.3 above);
- Develop tools and models for the Risk Appetite Statement, Credit, Lending and Investment (preferably in Excel) framework that will be owned by NHFC for future use.
- Conduct at least six (6) training sessions for staff on the policy and the models.
- Presentation of the policies, procedures and models to Executive Management, The Board Credit and Investment Committee, the Board Risk Committee, and the Board.
- A complete and well-structured Credit, Lending and Investment Policy aligned with the strategic direction and product offering of the NHFC/HSDB;
- Procedures for the credit, lending and investment workstreams of the company;
- A complete and well-structured Pricing Policy and procedures that is aligned with best practice and strategic objectives of the NHFC/HSDB; and
- A Risk Appetite Statement, reporting templates (heatmaps etc.) and related models in line with the mandate and strategy of the NHFC as it moves to the HSDB. This should be EXCEL based.

It must be noted that any models, developed by the service provider under this contract, will after completion of the assignment be handed over to the NHFC and be the property of the NHFC.

Respondents shall bear all costs incurred in the process of responding to the RFP and in any subsequent negotiation.



## **17.1 Proposal Cost**

The financial proposal should include or indicate the following:

- i. Cost as per specified deliverables (Section 16 –Key deliverables)
- ii. And any other related costs

## **18 PROJECT MANAGEMENT**

### **18.1 Remote Working**

The NHFC sometimes works remotely as far as is possible to ensure the safety of its employees. Where the office is accessed, this is subject to compliance with the NHFC health and safety protocols. The NHFC uses MS Teams for its virtual meetings.

### **18.2 Performance of assignments**

Assignments are to be performed in line with NHFC requirements. The service provider will be required to make working papers available, upon request by the NHFC or any authorised representative of the company.

### **18.3 Timing of assignments**

The performance of each assignment shall be in accordance with the Service Level Agreement as agreed to by all the parties.

### **18.4 Quality assurance of reviews**

The service provider shall ensure that all work conforms to acceptable NHFC standards. Such work shall further be subject to external quality assurance in line with the company standards.

### **18.5 Monitoring progress of audit assignments**

On a mutually agreed basis, the service provider shall be expected to meet with the Executive Manager: Corporate Support Services, or other nominated employee to discuss progress made on the project.

### **18.6 Reporting**

All the reports and finalised documents must be addressed to the Executive Manager: Corporate Support Services, or other nominated employee.

## **19 CONTRACT DURATION**

The assignment must be completed within 270 days (9 months) of appointment.

## 20 EVALUATION CRITERIA

### Criterion 1 – Compulsory Requirements

Bidders will first be evaluated in terms of the gatekeeper/minimum requirements on page9 of this document. Bidders who do not fulfil all the requirements or do not submit the required documents will not proceed to the next phase of functionality. Those who fulfil

all the requirements or have submitted the required documents will be further evaluated on functionality.

### Criterion 2 – Functionality

Functionality is worth 100 points. The minimum threshold is **80** points. Bidders who score less than **80** points on functionality will therefore be disqualified. Bidders who score **80** points and above will be further evaluated in terms of price and preference points. The functionality evaluation is broken down as follows:

<p><b>Past Relevant Experience:</b></p> <p><b>Bidders must submit at least six (6) recent reference letters in respect of related service undertaken. Reference letters to be submitted from Companies where similar service has been provided. References must be signed, contactable and in companies' letterheads. NHFC reserves the right to contact the referees to verify the information provided.</b></p> <p><b>The Bidders (firm) must demonstrate knowledge and experience in the following workstreams:</b></p> <ol style="list-style-type: none"> <li><b>1. Reviewing, developing and redesigning policies (credit, lending and investment policies);</b></li> <li><b>2. Reviewing, developing and re-designing pricing policies;</b></li> <li><b>3. Reviewing, developing and re-designing Risk Appetite Statements for development finance institutions or financing/lending institutions.</b></li> </ol>	<p><b>Total – 20 points</b></p>
<p><b>i. Number of letters submitted:</b></p> <ul style="list-style-type: none"> <li>• Six signed relevant reference letters = 5 points</li> <li>• Three to five signed relevant reference letters = 3 points</li> <li>• One to two signed relevant reference letters = 1 point</li> <li>• No relevant reference letters = 0 points</li> </ul>	<p><b>5</b></p>
<p><b>ii. Relevance of letters to the workstreams:</b></p> <ul style="list-style-type: none"> <li>• Attached letters address all 3 work streams as indicated above = 15 points</li> </ul>	<p><b>15</b></p>

<ul style="list-style-type: none"> <li>• Attached letters address 2 work streams as indicated above = 10 points</li> <li>• Attached letters address 1 work stream as indicated above = 5 points</li> <li>• Attached letters do not address any of the workstreams as indicated above = 0 points</li> </ul>	
<b>Key Personnel</b> <b>Bidders must submit detailed CV, qualifications and copies of certificates of key personnel.</b>	<b>Total – 30 points</b>
<p><b>The executive director must have a minimum of 10 years’ experience in reviewing, developing and re-designing of:</b></p> <ol style="list-style-type: none"> <li>1. Credit, lending and investment policies;</li> <li>2. pricing policies; and</li> <li>3. Risk Appetite Statements as well accompanying models for developmental finance institutions or lending/finance institutions.</li> </ol> <p>NQF level 8 qualified in actuarial science, investments and finance related qualifications is a must have. Individuals with quantitative or science-based qualifications (e.g. such as physics, statistics, mathematics etc) will also be considered. (Detailed CVs, qualifications, professional registration or membership and copies of certificates must be submitted),</p> <ul style="list-style-type: none"> <li>• 0 to 4 years = 0 points</li> <li>• 5 to 9 years = 5 points</li> <li>• 10 or more years = 10 points</li> </ul>	<p>10 points</p>
<p><b>The executive director must have a minimum of 5 years’ experience in reviewing, developing and re-designing of:</b></p> <ol style="list-style-type: none"> <li>1. Credit, lending and investment policies;</li> <li>2. pricing policies; and</li> <li>3. Risk Appetite Statements as well accompanying models for developmental finance institutions or lending/finance institutions.</li> </ol> <p>Must have an NQF level 8 qualified in actuarial science, investments and finance related qualifications. (Detailed CVs, qualifications and copies of certificates must be submitted), in developing and reviewing policies and RiskAppetite Statement for state owned entities.</p> <p>0 to 4 years = 0 points</p>	

5 to 10 years = 5 points More than 10 years = 10 points	
<b>Project Team must have a minimum of 5 years' combined experience in reviewing, developing and re-designing of:</b> <ol style="list-style-type: none"> <li>1. Credit, lending and investment policies;</li> <li>2. pricing policies; and</li> <li>3. Risk Appetite Statements as well accompanying models for developmental finance institutions or lending/finance institutions.</li> </ol>	
<b>Proposed Methodology and Approach</b> <b>Bidder must submit a comprehensive project plan/ methodology demonstrating their ability to deliver as per the required deliverables indicated in the scope of work</b>	<b>Total-30points</b>
Adequately demonstrate understanding of reviewing / developing and re-designing credit, lending & investment policies, pricing policies and Risk Appetite Statements.	30 points
Fairly demonstrate understanding of reviewing / developing policies and re-designing credit, lending & investment policies, pricing policies and Risk Appetite Statements	15 points
Poorly demonstrate understanding of reviewing / developing policies and re-designing credit, lending & investment policies, pricing policies and Risk Appetite Statements.	10 points
No Methodology and Approach submitted	0 points
<b>Financial stability of the bidder</b>	<b>Total-10 points</b>
<ul style="list-style-type: none"> <li>• Current audited/reviewed financials (not older than 12 months) solvent and profitable = 5 points</li> <li>• Current audited/reviewed financials (not older than 12 months) with an unqualified audit opinion = 5 points</li> <li>• No audited/reviewed financials provided = 0 points</li> </ul>	10 points
<b>Skills development/transfer to the NHFC (to specific employee / employees)</b>	<b>Total-10 points</b>
Explaining which areas/functions will be the main focus of skills development/transfers. The bidder shall be required to undertake at least six training sessions on the Policies, Pricing model and the Risk Appetite	10 points

<p>Statement = 5 points</p> <p>Skills development/ transfer plan (method): explaining how the skills development/transfer will be done i.e. to be done through explanation, demonstration and/or providing practical training = 5 points</p> <p>No Skills development/ transfer plan = 0 points</p> <p>The bidder shall be required to undertake at least six training sessions on the Policies, Pricing model and the Risk Appetite Statement and its underlying models.</p>	
<b>TOTAL</b>	<b>100 points</b>

### Criterion 3- Price and BBBEE evaluation

All bids that achieve the minimum qualifying score of **80** points for Functionality, (acceptable bids) will be evaluated further in terms of the 80/20 preference point system. The preference points claim is in terms of the Preferential Procurement Regulations 2017.

As per the table below, price is evaluated over 80 points and preference points over 20:

<b>Price Assessment</b>	<b>80 Points</b>
TOTAL	<b>80</b>
<b>Preferential Elements</b>	
<b>B-BBEE Status Level of Contributor</b>	<b>20 Points</b>
	Number of Points
1	20
2	18
3	14
4	12
5	8
6	6
7	4
8	2
Non-compliant contributor	0

**PRICING SCHEDULE**

**SBD 3.3**

**PRICING SCHEDULE**  
**(Professional Services)**

NAME OF BIDDER:.....	BID NO.: FM01/04/2023
CLOSING TIME 11:00	CLOSING DATE: 02 JUNE 2023

OFFER TO BE VALID FOR .....DAYS FROM THE CLOSING DATE OF BID.

ITEM DESCRIPTION NO**(ALL APPLICABLE TAXES INCLUDED)	BID PRICE IN RSA CURRENCY
---	---------------------------

1.The accompanying information must be used for the formulation of proposals.

2.Bidders are required to indicate a ceiling price based on the total estimated time for completion of all phases and including all expenses inclusive of all applicable taxes for the project.

R.....

3.PERSONS WHO WILL BE INVOLVED IN THE PROJECT AND

RATES APPLICABLE (CERTIFIED INVOICES MUST BE RENDERED IN TERMS HEREOF)

PERSON AND POSITION	HOURLY RATE	DAILY RATE
-----	R-----	R-----
-----	R-----	R-----
-----	R-----	R-----
-----	R-----	R-----
-----	R-----	R-----

5. PHASES ACCORDING TO WHICH THE PROJECT WILL BE COMPLETED, COST PER PHASE AND MAN-DAYS TO BE SPENT

-----	R-----	----- days
-----	R-----	----- days
-----	R-----	----- days
-----	R-----	----- days

5.1 Travel expenses (specify, for example rate/km and total km, class of airtravel, etc). Only actual costs are recoverable. Proof of the expenses incurred must accompany certified invoices.

DESCRIPTION OF EXPENSE TO BE INCURRED RATE	QUANTITY	AMOUNT
-----	.....	R.....
-----	.....	R.....
-----	.....	R.....
-----	.....	R.....
<b>TOTAL:</b> R.....		

**\*\* "all applicable taxes" includes value- added tax, pay as you earn, income tax, unemployment insurance fund contributions and skills development levies.**

5.2 Other expenses, for example accommodation (specify, eg. Three star hotel, bed and breakfast, telephone cost, reproduction cost, etc.). On basis of these particulars, certified invoices will be checked for correctness. Proof of the expenses must accompany invoices.

**DESCRIPTION OF EXPENSE TO BE INCURRED**

RATE	QUANTITY	AMOUNT
-----	.....	R.....
-----	.....	R.....
-----	.....	R.....
-----	.....	R.....

**TOTAL:** R.....

6.Period required for commencement with project after acceptance of bid  
 .....

7. Estimated man-days for completion of project.....

8. Are the rates quoted firm for the full period of contract? \*YES/NO

8.1 If not firm for the full period, provide details of the basis on which adjustments will be applied for, for example consumer price index.

.....

.....

.....

.....

\*[DELETE IF NOT APPLICABLE]

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Any enquiries regarding bidding procedures may be directed to the –  
(NHFC)

**Financial Proposal**

The Financial Proposal must indicate breakdown per key deliverables indicated in Section 16 above.



**BIDDER'S DISCLOSURE**

**1. PURPOSE OF THE FORM**

Any person (natural or juristic) may make an offer or offers in terms of this invitation to bid. Inline with the principles of transparency, accountability, impartiality, and ethics as enshrined in the Constitution of the Republic of South Africa and further expressed in various pieces of legislation, it is required for the bidder to make this declaration in respect of the details required hereunder.

Where a person/s are listed in the Register for Tender Defaulters and / or the List of Restricted Suppliers, that person will automatically be disqualified from the bid process.

**2. Bidder's declaration**

2.1 Is the bidder, or any of its directors / trustees / shareholders / members / partners or any person having a controlling interest in the enterprise, employed by the state? **YES/NO**

2.1.1 If so, furnish particulars of the names, individual identity numbers, and, if applicable, state employee numbers of sole proprietor/ directors / trustees / shareholders / members/ partners or any person having a controlling interest in the enterprise, in table below.

Full Name	Identity Number	Name of State institution

2.2 Do you, or any person connected with the bidder, have a relationship with any person who is employed by the procuring institution? **YES/NO**

2.2.1 If so, furnish particulars:

.....  
.....

2.3 Does the bidder or any of its directors / trustees / shareholders / members / partners or any person having a controlling interest in the enterprise have any interest in any other related enterprise whether or not they are bidding for this contract? **YES/NO**

2.3.1 If so, furnish particulars:

.....  
.....

---

1 the power, by one person or a group of persons holding the majority of the equity of an enterprise, alternatively, the person/s having the deciding vote or power to influence or to direct the course and decisions of the enterprise.

### 3. DECLARATION

I, the undersigned, (name)... in submitting the accompanying bid, do hereby make the following statements that I certify to be true and complete in every respect:

- 3.1 I have read and I understand the contents of this disclosure;
- 3.2 I understand that the accompanying bid will be disqualified if this disclosure is found not to be true and complete in every respect;
- 3.3 The bidder has arrived at the accompanying bid independently from, and without consultation, communication, agreement or arrangement with any competitor. However, communication between partners in a joint venture or consortium<sup>2</sup> will not be construed as collusive bidding.
- 3.4 In addition, there have been no consultations, communications, agreements or arrangements with any competitor regarding the quality, quantity, specifications, prices, including methods, factors or formulas used to calculate prices, market allocation, the intention or decision to submit or not to submit the bid, bidding with the intention not to win the bid and conditions or delivery particulars of the products or services to which this bid invitation relates.
- 3.4 The terms of the accompanying bid have not been, and will not be, disclosed by the bidder, directly or indirectly, to any competitor, prior to the date and time of the official bid opening or of the awarding of the contract.
- 3.5 There have been no consultations, communications, agreements or arrangements made by the bidder with any official of the procuring institution in relation to this procurement process prior to and during the bidding process except to provide clarification on the bid submitted where so required by the institution; and the bidder was not involved in the drafting of the specifications or terms of reference for this bid.
- 3.6 I am aware that, in addition and without prejudice to any other remedy provided to combat any restrictive practices related to bids and contracts, bids that are suspicious will be reported to the Competition Commission for investigation and possible imposition of administrative penalties in terms of section 59 of the Competition Act No 89 of 1998 and or may be reported to the National Prosecuting Authority (NPA) for criminal investigation and or may be restricted from conducting business with the public sector for a period not exceeding ten (10) years in terms of the Prevention and Combating of Corrupt Activities Act No 12 of 2004 or any other applicable legislation.

I CERTIFY THAT THE INFORMATION FURNISHED IN PARAGRAPHS 1, 2 and 3 ABOVE IS CORRECT.

I ACCEPT THAT THE STATE MAY REJECT THE BID OR ACT AGAINST ME IN TERMS OF PARAGRAPH 6 OF PFMA SCM INSTRUCTION 03 OF 2021/22 ON PREVENTING AND COMBATING ABUSE IN THE SUPPLY CHAIN MANAGEMENT SYSTEM SHOULD THIS DECLARATION PROVE TO BE FALSE.

..... Signature	..... Date
..... Position	..... Name of bidder

<sup>2</sup> Joint venture or Consortium means an association of persons for the purpose of combining their expertise, property, capital, efforts, skill and knowledge in an activity for the execution of a contract.

## SBD 6.1

### PREFERENCE POINTS CLAIM FORM IN TERMS OF THE PREFERENTIAL PROCUREMENT REGULATIONS 2022

This preference form must form part of all tenders invited. It contains general information and serves as a claim form for preference points for specific goals.

**NB: BEFORE COMPLETING THIS FORM, TENDERERS MUST STUDY THE GENERAL CONDITIONS, DEFINITIONS AND DIRECTIVES APPLICABLE IN RESPECT OF THE TENDER AND PREFERENTIAL PROCUREMENT REGULATIONS, 2022**

---

#### 1. GENERAL CONDITIONS

1.1 The following preference point systems are applicable to invitations to tender:

- the 80/20 system for requirements with a Rand value of up to R50 000 000 (all applicable taxes included); and

#### 1.2 To be completed by the organ of state

*(delete whichever is not applicable for this tender).*

- The applicable preference point system for this tender is the **80/20** preference point system.
- Either the **80/20 preference point system** will be applicable in this tender. The lowest/ highest acceptable tender will be used to determine the accurate system once tenders are received.

1.3 Points for this tender (even in the case of a tender for income-generating contracts) shall be awarded for:

- Price; and
- Specific Goals.

#### 1.4 To be completed by the organ of state:

The maximum points for this tender are allocated as follows:

	POINTS
PRICE	80
SPECIFIC GOALS	20
<b>Total points for Price and SPECIFIC GOALS</b>	<b>100</b>

1.5 Failure on the part of a tenderer to submit proof or documentation required in terms of this tender to claim points for specific goals with the tender, will be interpreted to mean that preference points for specific goals are not claimed.

1.6 The organ of state reserves the right to require of a tenderer, either before a tender is adjudicated or at any time subsequently, to substantiate any claim in regard to preferences, in any manner required by the organ of state.

## 2. DEFINITIONS

- (a) “**tender**” means a written offer in the form determined by an organ of state in response to an invitation to provide goods or services through price quotations, competitive tendering process or any other method envisaged in legislation;
- (b) “**price**” means an amount of money tendered for goods or services, and includes all applicable taxes less all unconditional discounts;
- (c) “**rand value**” means the total estimated value of a contract in Rand, calculated at the time of bid invitation, and includes all applicable taxes;
- (d) “**tender for income-generating contracts**” means a written offer in the form determined by an organ of state in response to an invitation for the origination of income-generating contracts through any method envisaged in legislation that will result in a legal agreement between the organ of state and a third party that produces revenue for the organ of state, and includes, but is not limited to, leasing and disposal of assets and concession contracts, excluding direct sales and disposal of assets through public auctions; and
- (e) “**the Act**” means the Preferential Procurement Policy Framework Act, 2000 (Act No. 5 of 2000).

## 3. FORMULAE FOR PROCUREMENT OF GOODS AND SERVICES

### 3.1. POINTS AWARDED FOR PRICE

#### 3.1.1 THE 80/20 PREFERENCE POINT SYSTEMS

A maximum of 80 points is allocated for price on the following basis:

**80/20**

$$Ps = 80 \left( 1 - \frac{Pt - Pmin}{Pmin} \right)$$

Where

Ps = Points scored for price of tender under consideration

Pt = Price of tender under consideration

Pmin = Price of lowest acceptable tender

## 3.2. FORMULAE FOR DISPOSAL OR LEASING OF STATE ASSETS AND INCOME GENERATING PROCUREMENT

### 3.2.1. POINTS AWARDED FOR PRICE

A maximum of 80 points is allocated for price on the following basis:

80/20

$$Ps = 80 \left( 1 + \frac{Pt - Pmax}{Pmax} \right)$$

Where

- Ps = Points scored for price of tender under consideration  
Pt = Price of tender under consideration  
Pmax = Price of highest acceptable tender

#### 4. POINTS AWARDED FOR SPECIFIC GOALS

4.1. In terms of Regulation 4(2); 5(2); 6(2) and 7(2) of the Preferential Procurement Regulations, preference points must be awarded for specific goals stated in the tender. For the purposes of this tender the tenderer will be allocated points based on the goals stated in table 1 below as may be supported by proof/ documentation stated in the conditions of this tender:

4.2. In cases where organs of state intend to use Regulation 3(2) of the Regulations, which states that, if it is unclear whether the 80/20 preference point system applies, an organ of state must, in the tender documents, stipulate in the case of—

- (a) an invitation for tender for income-generating contracts, that either the 80/20 or 90/10 preference point system will apply and that the highest acceptable tender will be used to determine the applicable preference point system; or
- (b) any other invitation for tender, that either the 80/20 preference point system will apply and that the lowest acceptable tender will be used to determine the applicable preference point system,

then the organ of state must indicate the points allocated for specific goals for both the 80/20 preference point system.

**Table 1: Specific goals for the tender and points claimed are indicated per the table below.**

**Note to tenderers: The tenderer must indicate how they claim points for each preference point system.)**

The specific goals allocated points in terms of this tender	Supporting evidence for meeting preferential procurement targets (bidder to provide the below supporting evidence to claim allocated points for each specific goal)	Number of points allocated (80/20 system) (To be completed by the organ of state)	Number of points claimed (80/20 system) (To be completed by the tenderer)
B-BBEE status contributor level. Valid affidavit (as issued by DTI/or CIPC), must be an original or certified	B-BBEE status contributor level. Valid affidavit (as issued by DTI/or CIPC), must be an original or certified		

copy or a certified copy of SANAS accredited verification certificate	copy or a certified copy of SANAS accredited verification certificate		

**DECLARATION WITH REGARD TO COMPANY/FIRM**

4.3. Name of company/firm.....

4.4. Company registration number: .....

4.5. TYPE OF COMPANY/ FIRM

- Partnership/Joint Venture / Consortium
- One-person business/sole propriety
- Close corporation
- Public Company
- Personal Liability Company
- (Pty) Limited
- Non-Profit Company
- State Owned Company

[TICK APPLICABLE BOX]

4.6. I, the undersigned, who is duly authorised to do so on behalf of the company/firm, certify that the points claimed, based on the specific goals as advised in the tender, qualifies the company/ firm for the preference(s) shown and I acknowledge that:

- i) The information furnished is true and correct;
- ii) The preference points claimed are in accordance with the General Conditions as indicated in paragraph 1 of this form;
- iii) In the event of a contract being awarded as a result of points claimed as shown in paragraphs 1.4 and 4.2, the contractor may be required to furnish documentary proof to the satisfaction of the organ of state that the claims are correct;
- iv) If the specific goals have been claimed or obtained on a fraudulent basis or any of the conditions of contract have not been fulfilled, the organ of state may, in addition to any other remedy it may have –
  - (a) disqualify the person from the tendering process;
  - (b) recover costs, losses or damages it has incurred or suffered as a result of that person’s conduct;
  - (c) cancel the contract and claim any damages which it has suffered as a result of having to make less favourable arrangements due to such cancellation;

- (d) recommend that the tenderer or contractor, its shareholders and directors, or only the shareholders and directors who acted on a fraudulent basis, be restricted from obtaining business from any organ of state for a period not exceeding 10 years, after the *audi alteram partem* (hear the other side) rule has been applied; and
- (e) forward the matter for criminal prosecution, if deemed necessary.

..... <b>SIGNATURE(S) OF TENDERER(S)</b>	
<b>SURNAME AND NAME:</b>	.....
<b>DATE:</b>	.....
<b>ADDRESS:</b>	.....
	.....
	.....
	.....

**1. PROTECTION OF PERSONAL INFORMATION**

- 1.1. The Service Provider shall ensure that its employees, representatives and officers, comply with the provisions of the Protection of Personal Information Act, 2013 (“POPIA”) and all other applicable dataprotection laws and, without limitation to the foregoing, shall ensure the security and confidentiality of all Personal Information processed by that Party is in accordance with POPIA and all other applicable data protection laws.
- 1.2. The Service Provider must only process personal information of the NHFC and third parties on behalf of the NHFC, with the NHFC’s knowledge or authorisation, treat such information which comes to their knowledge as confidential and must not disclose it unless required by law or in the course of the proper performance of the Service Provider’s duties. The Service Provider must comply with the responsibleparty’s obligations in clause section 19 of POPIA.
- 1.3. Where the Service Provider, its agents, subcontractors, officers, directors, shareholders, representatives, or employees has/have access to any Personal Information held by the NHFC for any reason in connection with this Agreement or is/are supplied with or otherwise provided with Personal Information by the NHFC or on behalf of the NHFC for any purpose, or are supplied with or otherwise provided with Personal Information relating to the Services, the Service Provider shall:
  - 1.3.1. process such Personal Information only for purposes of performing its/their obligations under this Agreement and shall not otherwise modify, amend or alter the contents of such Personal Information or disclose or permit the disclosure of such

Personal Information to any third party, unless specifically authorised to do so by the NHFC or as required by law or any regulatory authority, and shall take all such steps as may be necessary to protect and safeguard such Personal Information;

1.3.2. without prejudice to the generality of the foregoing, ensure that appropriate, reasonable technical and organisational measures shall be taken by it/them to prevent

1.3.2.1. the unauthorised or unlawful processing of such Personal Information; and

1.3.2.2. the accidental loss or destruction of, or damage to, such Personal Information; and

1.3.2.3. promptly notify the NHFC when it becomes aware of any unauthorised, unlawful or dishonest conduct or activities, or any breach of the terms of this Agreement relating to Personal Information.

1.4. Both Parties will comply with their obligations under POPIA in relation to personal information for which they are the responsible party.

1.5. The Service Provider must notify the NHFC immediately where there are reasonable grounds to believe that personal information has been accessed or acquired by any unauthorised person (Data Breach) and must assist the NHFC, at its own cost:

1.5.1. with any investigation or notice to the Regulator or data subjects that the NHFC may make in relation to a Data Breach; and

1.5.2. in responding to any directions by the Regulator to publicise the Data Breach, including assisting the NHFC to make public announcements if required.

1.5.3 The Service Provider indemnifies the NHFC against any civil or criminal action or administrative fine or other penalty or loss as a result of the Service Provider's breach of this clause.

## 2. POPIA CONSENT

2.1. The Service Provider, by submitting its proposal/ quotation, consents to the use of his/her personal information contained therein and confirms that:

2.1.1. The information is voluntarily supplied, without undue influence from any party; and

2.1.2. The information is necessary for the purposes of the engagement with NHFC.

2.2. The tenderer acknowledges that he /she is aware of his/her right to:

2.2.1. Access the information at any reasonable time for the purposes of rectification thereof;

2.2.2. Object to the processing of the information;

2.2.3. Lodge a complaint with the Information Regulator.



**CERTIFICATION**

I, THE UNDERSIGNED (FULL NAME)  
CERTIFY THAT WE CONSENT TO THE ABOVE AS PER REQUIREMENTS OF THE  
PROTECTION OF PERSONAL INFORMATION ACT.

.....  
Signature

.....  
Date

.....  
Position

.....  
Name of Bid

**RESOLUTION TO SIGN**

Signatory for companies shall confirm their authority thereto by either signing the below  
or attaching a duly signed and dated copy of the relevant resolution of the boards of  
directors to this form.

An example is given below:

By resolution of the board of directors passed at a meeting held on .....

Mr/Mrs ..... , whose signature appears below, has been duly authorised

to sign all documents in connection with the Bid for Contract No.

..... and any Contract that may arise there from on behalf of (name of  
Bidder in block capitals) .....

.....  
**SIGNED ON BEHALF OF THE COMPANY:**

**IN HIS/HER CAPACITY AS:**.....

**DATE:** .....

**SIGNATURE OF SIGNATORY:**.....

**WITNESSES:** 1. ....

2. ....

**CURRENT AND PAST EXPERIENCE FOR NHFC AND OTHER INSTITUTIONS**

Bidders must furnish hereunder details of *similar* works/service, which they are currently undertaking or have undertaken. Bidders to provide contactable references for all projects listed below.

EMPLOYER /INSTITUTION NAME	NATURE OF WORK/ PROJECT NAME	AWARDED AMOUNT	COMMENCEME NT DATE	COMPLETION DATE	EMPLOYER CONTACT NO. AND CONTACT PERSON

.....  
DATE

.....  
SIGNATURE OF BIDDER



## CONSENT FORMS

***Please ensure that Form 1, Form 2; Form 3 and Form 4 are fully completed.***

### FORM 1- CONSENT FOR CREDIT AND WORLD CHECKS

#### Consent for Credit and World Checks Form

I  (Name)

Surname

ID

Company you are representing

With CIPC number

Hereby voluntarily provide consent for a credit and world checks to be carried out on me or the company I represent.

I accept that such checks do not infringe any of my fundamental rights and I accept that the checks are part of the application process in terms of the NHFC policies.

Signed	
--------	--

Dated	D	D	M	M	2	0	2	2
-------	---	---	---	---	---	---	---	---

## FORM 2- POLITICAL PARTY FUNDING DECLARATION FORM

### Political Party Funding Declaration Form

The Political Party Funding Act 6 of 2018 introduces a strict regulatory framework for the private funding of political parties. This includes setting limits for the source, size and use of donated funds by political parties.

Having read and understood the requirements of the above legislation I confirm that:

I comply with the requirements of Political Party Funding Act 6 of 2018

Yes	No

**Name** (in blocks): \_\_\_\_\_

**Signature** \_\_\_\_\_

## FORM 3- PEP SELF CERTIFICATION FORM

### Politically Exposed Person (PEP) Self-Certification Form

NHFC is obliged to establish an appropriate risk management system when establishing a business relationship or conducting transactions, including risk assessment procedures to determine whether a party, legal representative, proxy or real owner of a party is politically exposed person.

In accordance with South African Anti-Money Laundering (AML) legislation NHFC has an obligation to undertake Enhanced Due Diligence (EDD) on those clients who are classified as a Politically Exposed Person (PEP).

Please read the definition below carefully, select the relevant box, confirming you are/are not a PEP, sign the declaration at the bottom of the form and return this Form to our offices. It is your obligation to inform us of a change to your status as a PEP or Non PEP should it change at any time in the future.

*The Financial Intelligence Centre Act 1 of 2017 (FICA) defines a PEP as a person who holds, A politically exposed person or PEP is the term used for an individual who is or has in the past been entrusted with prominent public functions in a particular country. The principles issued by the Wolfsberg Group of leading international financial institutions give an indication of best banking practice guidance on these issues. These principles are applicable to both domestic and international PEPs.*

The following examples serve as aids in defining PEPs:

- Heads of State, Heads of Government and cabinet ministers;
- Influential functionaries in nationalised industries and government administration;
- Senior judges;
- Senior political party functionaries;
- Senior and/or influential officials, functionaries and military leaders and people with similar functions in international or supranational organisations;
- Members of ruling or royal families;
- Senior and/or influential representatives of religious organisations (if these functions are connected to political, judicial, military or administrative responsibilities).
- Families of PEPs.
  - The term "families" includes close family members such as spouses, children, parents and siblings and may also include other blood relatives and relatives by marriage;
- Closely associated persons.

The category of "closely associated persons" includes close business colleagues and personal advisers/consultants to the PEP as well as persons, who obviously benefit significantly from being close to such a person.

Having read and understood the above definition I confirm that: (select only one of the following options)

I am not a Politically Exposed Person (PEP) as defined above (DEFAULT)

I am a Politically Exposed Person (PEP) as defined above

**Name** (in blocks): \_\_\_\_\_

**Signature** \_\_\_\_\_

## **FORM 4: PEP ULTIMATE BENEFICIARY OWNER FORM**

### **Politically Exposed Person (PEP) Ultimate Beneficiary Owner Form**

The law on the prevention of money laundering and the financing of terrorism requires banks to fulfil a number of client identification obligations. One such obligation consists in identifying the Ultimate Beneficial Owners (UBO) of their clients.

Within the meaning of the law, the Ultimate Beneficial Owners of a legal entity are the private individuals who directly or indirectly hold or control a stake of at least 25% in the capital or of at least 25% of the voting rights of the company, or who undertake the de jure or de facto management of the legal entity.

a) \_\_\_\_\_ certifies, that on \_\_\_\_/\_\_\_\_/\_\_\_\_\_, the Shareholder Ultimate Beneficial Owners are the following private individuals who hold or control at least 25% in the capital or at least 25% of the voting rights in the company.

Please remember to enclose a copy of the identity document of each Shareholder or Decision-Making Ultimate Beneficial Owner and to validly sign behind your name above this text.





# CONTRACT FORM - RENDERING OF SERVICES

THIS FORM MUST BE FILLED IN DUPLICATE BY BOTH THE SERVICE PROVIDER (PART 1) AND THE PURCHASER (PART 2). BOTH FORMS MUST BE SIGNED IN THE ORIGINAL SO THAT THE SERVICE PROVIDER AND THE PURCHASER WOULD BE IN POSSESSION OF ORIGINALLY SIGNED CONTRACTS FOR THEIR RESPECTIVE RECORDS.

## PART 1 (TO BE FILLED IN BY THE SERVICE PROVIDER)

I hereby undertake to render services described in the attached bidding documents to NHFC in accordance with the requirements and task directives / proposals specifications stipulated in Bid Number .....at the price/s quoted. My offer/s remain binding upon me and open for acceptance by the Purchaser during the validity period indicated and calculated from the closing date of the bid.

The following documents shall be deemed to form and be read and construed as part of this agreement:

Bidding documents, viz

Invitation to bid;

Tax clearance certificate;

Pricing schedule(s);

Filled in task directive/proposal;

Preference claims for Broad Based Black Economic Empowerment Status Level of Contribution in terms of the Preferential Procurement Regulations 2011;

Declaration of interest;

Declaration of bidder's past SCM practices;

Certificate of Independent Bid Determination;

Special Conditions of Contract;

General Conditions of Contract; and

Other (specify)

I confirm that I have satisfied myself as to the correctness and validity of my bid; that the price(s) and rate(s) quoted cover all the services specified in the bidding documents; that the price(s) and rate(s) cover all my obligations and I accept that any mistakes regarding price(s) and rate(s) and calculations will be at my own risk.

I accept full responsibility for the proper execution and fulfilment of all obligations and conditions devolving on me under this agreement as the principal liable for the due fulfillment of this contract.

I declare that I have no participation in any collusive practices with any bidder or any other person regarding this or any other bid.

I confirm that I am duly authorised to sign this contract.

NAME (PRINT) .....

CAPACITY .....

SIGNATURE .....

NAME OF FIRM .....

DATE .....

<b>WITNESSES</b>	
1	.....
2	.....
DATE:.....	

**CONTRACT FORM - RENDERING OF SERVICES**

**PART 2 (TO BE FILLED IN BY THE PURCHASER)**

I..... in my capacity as.....

accept your bid under reference number .....dated..... for the rendering of services indicated hereunder and/or further specified in the annexure(s).

An official order indicating service delivery instructions is forthcoming.

I undertake to make payment for the services rendered in accordance with the terms and conditions of the contract, within 30 (thirty) days after receipt of an invoice.

DESCRIPTION OF SERVICE	PRICE (ALL APPLICABLE TAXES INCLUDED)	COMPLETION DATE	B-BBEE STATUS OF CONTRIBUTION	MINIMUM THRESHOLD FOR LOCAL PRODUCTION AND CONTENT (if applicable)

4. I confirm that I am duly authorised to sign this contract.

SIGNED AT .....ON.....

NAME (PRINT) .....

SIGNATURE .....

OFFICIAL STAMP

WITNESSES

1 .....

2 .....

....

# GENERAL CONDITIONS OF CONTRACT

GOVERNMENT PROCUREMENT

## GENERAL CONDITIONS OF CONTRACT July 2010

### NOTES

The purpose of this document is to:

- (i) Draw special attention to certain general conditions applicable to government bids, contracts and orders; and
- (ii) To ensure that clients be familiar with regard to the rights and obligations of all parties involved in doing business with government.

In this document words in the singular also mean in the plural and vice versa and words in the masculine also mean in the feminine and neuter.

- The General Conditions of Contract will form part of all bid documents and may not be amended.
- Special Conditions of Contract (SCC) relevant to a specific bid, should be compiled separately for every bid (if applicable) and will supplement the General Conditions of Contract. Whenever there is a conflict, the provisions in the SCC shall prevail.

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## 1. Definitions

1. The following terms shall be interpreted as indicated:
  - 1.1 "Closing time" means the date and hour specified in the bidding documents for the receipt of bids.
  - 1.2 "Contract" means the written agreement entered into between the purchaser and the supplier, as recorded in the contract form signed by the parties, including all attachments and appendices thereto and all documents incorporated by reference therein.
  - 1.3 "Contract price" means the price payable to the supplier under the contract for the full and proper performance of his contractual obligations.
  - 1.4 "Corrupt practice" means the offering, giving, receiving, or soliciting of anything of value to influence the action of a public official in the procurement process or in contract execution.
  - 1.5 "Countervailing duties" are imposed in cases where an enterprise abroad is subsidized by its government and encouraged to market its products internationally.
  - 1.6 "Country of origin" means the place where the goods were mined, grown or produced or from which the services are supplied. Goods are produced when, through manufacturing, processing or substantial and major assembly of components, a commercially recognized new product results that is substantially different in basic characteristics or in purpose or utility from its components.
  - 1.7 "Day" means calendar day.
  - 1.8 "Delivery" means delivery in compliance of the conditions of the contract or order.
  - 1.9 "Delivery ex stock" means immediate delivery directly from stock actually on hand.
  - 1.10 "Delivery into consignees store or to his site" means delivered and unloaded in the specified store or depot or on the specified site in compliance with the conditions of the contract or order, the supplier bearing all risks and charges involved until the supplies are so delivered and a valid receipt is obtained.
  - 1.11 "Dumping" occurs when a private enterprise abroad market its goods on own initiative in the RSA at lower prices than that of the country of origin and which have the potential to harm the local industries in the RSA.
  - 1.12 "Force majeure" means an event beyond the control of the supplier and not involving the supplier's fault or negligence and not foreseeable. Such events may include, but is not restricted to, acts of the purchaser in its sovereign capacity, wars or revolutions, fires, floods, epidemics, quarantine restrictions and freight embargoes.
  - 1.13 "Fraudulent practice" means a misrepresentation of facts in order to influence a procurement process or the execution of a contract to the detriment of any bidder, and includes collusive practice among bidders (prior to or after bid submission) designed to establish bid prices at

artificial non-competitive levels and to deprive the bidder of the benefits of free and open competition.

- 1.14 "GCC" means the General Conditions of Contract.
- 1.15 "Goods" means all of the equipment, machinery, and/or other materials that the supplier is required to supply to the purchaser under the contract.
- 1.16 "Imported content" means that portion of the bidding price represented by the cost of components, parts or materials which have been or are still to be imported (whether by the supplier or his subcontractors) and which costs are inclusive of the costs abroad, plus freight and other direct importation costs such as landing costs, dock dues, import duty, sales duty or other similar tax or duty at the South African place of entry as well as transportation and handling charges to the factory in the Republic where the supplies covered by the bid will be manufactured.
- 1.17 "Local content" means that portion of the bidding price which is not included in the imported content provided that local manufacture does take place.
- 1.18 "Manufacture" means the production of products in a factory using labour, materials, components and machinery and includes other related value-adding activities.
- 1.19 "Order" means an official written order issued for the supply of goods or works or the rendering of a service.
- 1.20 "Project site," where applicable, means the place indicated in bidding documents.
- 1.21 "Purchaser" means the organization purchasing the goods.
- 1.22 "Republic" means the Republic of South Africa.
- 1.23 "SCC" means the Special Conditions of Contract.
- 1.24 "Services" means those functional services ancillary to the supply of the goods, such as transportation and any other incidental services, such as installation, commissioning, provision of technical assistance, training, catering, gardening, security, maintenance and other such obligations of the supplier covered under the contract.
- 1.25 "Written" or "in writing" means handwritten in ink or any form of electronic or mechanical writing.

## **2. Application**

- 2.1 These general conditions are applicable to all bids, contracts and orders including bids for functional and professional services, sales, hiring, letting and the granting or acquiring of rights, but excluding immovable property, unless otherwise indicated in the bidding documents.
- 2.2 Where applicable, special conditions of contract are also laid down to cover specific supplies, services or works.
- 2.3 Where such special conditions of contract are in conflict with these general conditions, the special conditions shall apply.

- 3. General**
- 3.1 Unless otherwise indicated in the bidding documents, the purchaser shall not be liable for any expense incurred in the preparation and submission of a bid. Where applicable a non-refundable fee for documents may be charged.
- 3.2 With certain exceptions, invitations to bid are only published in the Government Tender Bulletin. The Government Tender Bulletin may be obtained directly from the Government Printer, Private Bag X85, Pretoria 0001, or accessed electronically from [www.treasury.gov.za](http://www.treasury.gov.za)
- 4. Standards**
- 4.1 The goods supplied shall conform to the standards mentioned in the bidding documents and specifications.
- 5. Use of contract documents and information; inspection.**
- 5.1 The supplier shall not, without the purchaser's prior written consent, disclose the contract, or any provision thereof, or any specification, plan, drawing, pattern, sample, or information furnished by or on behalf of the purchaser in connection therewith, to any person other than a person employed by the supplier in the performance of the contract. Disclosure to any such employed person shall be made in confidence and shall extend only so far as may be necessary for purposes of such performance.
- 5.2 The supplier shall not, without the purchaser's prior written consent, make use of any document or information mentioned in GCC clause 5.1 except for purposes of performing the contract.
- 5.3 Any document, other than the contract itself mentioned in GCC clause 5.1 shall remain the property of the purchaser and shall be returned (all copies) to the purchaser on completion of the supplier's performance under the contract if so required by the purchaser.
- 5.4 The supplier shall permit the purchaser to inspect the supplier's records relating to the performance of the supplier and to have them audited by auditors appointed by the purchaser, if so required by the purchaser.
- 6. Patent rights**
- 6.1 The supplier shall indemnify the purchaser against all third-party claims of infringement of patent, trademark, or industrial design rights arising from use of the goods or any part thereof by the purchaser.
- 7. Inspections, tests and analyses**
- 7.1 All pre-bidding testing will be for the account of the bidder.
- 7.2 If it is a bid condition that supplies to be produced or services to be rendered should at any stage during production or execution or on completion be subject to inspection, the premises of the bidder or contractor shall be open, at all reasonable hours, for inspection by a representative of the Department or an organization acting on behalf of the Department.
- If there are no inspection requirements indicated in the bidding documents and no mention is made in the contract, but during the contract period it is decided that inspections shall be carried out, the purchaser shall itself make the necessary arrangements, including payment arrangements with the testing authority concerned.
- 7.4 If the inspections, tests and analyses referred to in clauses 8.2 and 8.3 show the supplies to be in accordance with the contract requirements, the cost of the inspections, tests and analyses shall be defrayed by the purchaser.

- 7.5 Where the supplies or services referred to in clauses 8.2 and 8.3 do not comply with the contract requirements, irrespective of whether such supplies or services are accepted or not, the cost in connection with these inspections, tests or analyses shall be defrayed by the supplier.
- 7.6 Supplies and services which are referred to in clauses 8.2 and 8.3 and which do not comply with the contract requirements may be rejected.
- 7.7 Any contract supplies may on or after delivery be inspected, tested or analyzed and may be rejected if found not to comply with the requirements of the contract. Such rejected supplies shall be held at the cost and risk of the supplier who shall, when called upon, remove them immediately at his own cost and forthwith substitute them with supplies which do comply with the requirements of the contract. Failing such removal the rejected supplies shall be returned at the suppliers cost and risk. Should the supplier fail to provide the substitute supplies forthwith, the purchaser may, without giving the supplier further opportunity to substitute the rejected supplies, purchase such supplies as may be necessary at the expense of the supplier.
- 7.8 The provisions of clauses 8.4 to 8.7 shall not prejudice the right of the purchaser to cancel the contract on account of a breach of the conditions thereof, or to act in terms of Clause 23 of GCC.

**8. Payment**

- 8.1 The method and conditions of payment to be made to the supplier under this contract shall be specified in SCC.
- 8.2 The supplier shall furnish the purchaser with an invoice accompanied by a copy of the delivery note and upon fulfillment of other obligations stipulated in the contract.
- 8.3 Payments shall be made promptly by the purchaser, but in no case later than thirty (30) days after submission of an invoice or claim by the supplier.
- 8.4 Payment will be made in Rand unless otherwise stipulated in SCC.

**9. Prices**

- 9.1 Prices charged by the supplier for goods delivered and services performed under the contract shall not vary from the prices quoted by the supplier in his bid, with the exception of any price adjustments authorized in SCC or in the purchaser's request for bid validity extension, as the case may be.

**10. Contract amendments**

- 10.1 No variation in or modification of the terms of the contract shall be made except by written amendment signed by the parties concerned.

**11. Assignment**

- 12.1 The supplier shall not assign, in whole or in part, its obligations to perform under the contract, except with the purchaser's prior written consent.

**12. Subcontracts**

- 12.1 The supplier shall notify the purchaser in writing of all subcontracts awarded under this contract if not already specified in the bid. Such notification, in the original bid or later, shall not relieve the supplier from any liability or obligation under the contract.

**13. Delays in the supplier's performance**

- 13.1 Delivery of the goods and performance of services shall be made by the supplier in accordance with the time schedule prescribed by the purchaser in the contract.



- 13.2 If at any time during performance of the contract, the supplier or its subcontractor(s) should encounter conditions impeding timely delivery of the goods and performance of services, the supplier shall promptly notify the purchaser in writing of the fact of the delay, its likely duration and its cause(s). As soon as practicable after receipt of the supplier's notice, the purchaser shall evaluate the situation and may at his discretion extend the supplier's time for performance, with or without the imposition of penalties, in which case the extension shall be ratified by the parties by amendment of contract.
- 13.3 No provision in a contract shall be deemed to prohibit the obtaining of supplies or services from a national department, provincial department, or a local authority.
- 13.4 The right is reserved to procure outside of the contract small quantities or to have minor essential services executed if an emergency arises, the supplier's point of supply is not situated at or near the place where the supplies are required, or the supplier's services are not readily available.

Except as provided under GCC Clause 25, a delay by the supplier in the performance of its delivery obligations shall render the supplier liable to the imposition of penalties, pursuant to GCC Clause 22, unless an extension of time is agreed upon pursuant to GCC Clause 21.2 without the application of penalties.

- 13.6 Upon any delay beyond the delivery period in the case of a supplies contract, the purchaser shall, without canceling the contract, be entitled to purchase supplies of a similar quality and up to the same quantity in substitution of the goods not supplied in conformity with the contract and to return any goods delivered later at the supplier's expense and risk, or to cancel the contract and buy such goods as may be required to complete the contract and without prejudice to his other rights, be entitled to claim damages from the supplier.

#### **14. Penalties**

- 14.1 Subject to GCC Clause 25, if the supplier fails to deliver any or all of the goods or to perform the services within the period(s) specified in the contract, the purchaser shall, without prejudice to its other remedies under the contract, deduct from the contract price, as a penalty, a sum calculated on the delivered price of the delayed goods or unperformed services using the current prime interest rate calculated for each day of the delay until actual delivery or performance. The purchaser may also consider termination of the contract pursuant to GCC Clause 23.

#### **15. Termination for default**

- 15.1 The purchaser, without prejudice to any other remedy for breach of contract, by written notice of default sent to the supplier, may terminate this contract in whole or in part:
- (a) if the supplier fails to deliver any or all of the goods within the period(s) specified in the contract, or within any extension thereof granted by the purchaser pursuant to GCC Clause 21.2;
  - (b) if the Supplier fails to perform any other obligation(s) under the contract; or
  - (c) if the supplier, in the judgment of the purchaser, has engaged in corrupt or fraudulent practices in competing for or in executing the contract.

15.2 In the event the purchaser terminates the contract in whole or in part, the purchaser may procure, upon such terms and in such manner as it deems appropriate, goods, works or services similar to

those undelivered, and the supplier shall be liable to the purchaser for any excess costs for such similar goods, works or services. However, the supplier shall continue performance of the contract to the extent not terminated.

15.3 Where the purchaser terminates the contract in whole or in part, the purchaser may decide to impose a restriction penalty on the supplier by prohibiting such supplier from doing business with the public sector for a period not exceeding 10 years.

15.4 If a purchaser intends imposing a restriction on a supplier or any person associated with the supplier, the supplier will be allowed a time period of not more than fourteen (14) days to provide reasons why the envisaged restriction should not be imposed. Should the supplier fail to respond within the stipulated fourteen (14) days the purchaser may regard the intended penalty as not objected against and may impose it on the supplier.

15.5 Any restriction imposed on any person by the Accounting Officer / Authority will, at the discretion of the Accounting Officer / Authority, also be applicable to any other enterprise or any partner, manager, director or other person who wholly or partly exercises or exercised or may exercise control over the enterprise of the first-mentioned person, and with which enterprise or person the first-mentioned person, is or was in the opinion of the Accounting Officer / Authority actively associated.

15.6 If a restriction is imposed, the purchaser must, within five (5) working days of such imposition, furnish the National Treasury, with the following information:

- (i) the name and address of the supplier and / or person restricted by the purchaser;
- (ii) the date of commencement of the restriction
- (iii) the period of restriction; and
- (iv) the reasons for the restriction.

15.7 These details will be loaded in the National Treasury's central database of suppliers or persons prohibited from doing business with the public sector.

15.8 If a court of law convicts a person of an offence as contemplated in sections 12 or 13 of the Prevention and Combating of Corrupt Activities Act, No. 12 of 2004, the court may also rule that such person's name be endorsed on the Register for Tender Defaulters. When a person's name has been endorsed on the Register, the person will be prohibited from doing business with the public sector for a period not less than five years and not more than 10 years. The National Treasury is empowered to determine the period of restriction and each case will be dealt with on its own merits. According to section 32 of the Act the Register must be open to the public. The Register can be perused on the National Treasury website.

## **16. Anti-dumping and countervailing duties and rights**

16.1 When, after the date of bid, provisional payments are required, or anti-dumping or countervailing duties are imposed, or the amount of a provisional payment or anti-dumping or countervailing right is increased in respect of any dumped or subsidized import, the State is not liable for any amount so required or imposed, or for the amount of any such increase. When, after the said date, such a provisional payment is no longer required or any such anti-dumping or countervailing right is abolished, or

where the amount of such provisional payment or any such right is reduced, any such favourable difference shall on demand be paid forthwith by the contractor to the State or the State may deduct such amounts from moneys (if any) which may otherwise be due to the contractor in regard to supplies or services which he delivered or rendered, or is to deliver or render in terms of the contract or any other contract or any other amount which may be due to him

**17. Force Majeure**

17.1 Notwithstanding the provisions of GCC Clauses 22 and 23, the supplier shall not be liable for forfeiture of its performance security, damages, or termination for default if and to the extent that his delay in performance or other failure to perform his obligations under the contract is the result of an event of force majeure.

17.2 If a force majeure situation arises, the supplier shall promptly notify the purchaser in writing of such condition and the cause thereof. Unless otherwise directed by the purchaser in writing, the supplier shall continue to perform its obligations under the contract as far as is reasonably practical, and shall seek all reasonable alternative means for performance not prevented by the force majeure event.

**18. Termination for insolvency**

18.1 The purchaser may at any time terminate the contract by giving written notice to the supplier if the supplier becomes bankrupt or otherwise insolvent. In this event, termination will be without compensation to the supplier, provided that such termination will not prejudice or affect any right of action or remedy which has accrued or will accrue thereafter to the purchaser.

**19. Settlement of Disputes**

19.1 If any dispute or difference of any kind whatsoever arises between the purchaser and the supplier in connection with or arising out of the contract, the parties shall make every effort to resolve amicably such dispute or difference by mutual consultation.

19.2 If, after thirty (30) days, the parties have failed to resolve their dispute or difference by such mutual consultation, then either the purchaser or the supplier may give notice to the other party of his intention to commence with mediation. No mediation in respect of this matter may be commenced unless such notice is given to the other party.

19.3 Should it not be possible to settle a dispute by means of mediation, it may be settled in a South African court of law.

19.4 Mediation proceedings shall be conducted in accordance with the rules of procedure specified in the SCC.

19.5 Notwithstanding any reference to mediation and/or court proceedings herein,

(a) the parties shall continue to perform their respective obligations under the contract unless they otherwise agree; and

(b) the purchaser shall pay the supplier any monies due the supplier.

**20. Limitation of liability**

20.1 Except in cases of criminal negligence or wilful misconduct, and in the case of infringement pursuant to Clause 6;

(a) the supplier shall not be liable to the purchaser, whether in contract, tort, or otherwise, for any indirect or consequential loss or damage, loss of use, loss of production, or loss of profits or interest costs,

provided that this exclusion shall not apply to any obligation of the supplier to pay penalties and/or damages to the purchaser; and

(b) the aggregate liability of the supplier to the purchaser, whether under the contract, in tort or otherwise, shall not exceed the total contract price, provided that this limitation shall not apply to the cost of repairing or replacing defective equipment.

- 21. Governing language** 21.1 The contract shall be written in English. All correspondence and other documents pertaining to the contract that is exchanged by the parties shall also be written in English.
- 22. Applicable Law** 22.1 The contract shall be interpreted in accordance with South African laws, unless otherwise specified in SCC.
- 23. Notices** 23.1 Every written acceptance of a bid shall be posted to the supplier concerned by registered or certified mail and any other notice to him shall be posted by ordinary mail to the address furnished in his bid or to the address notified later by him in writing and such posting shall be deemed to be proper service of such notice
- The time mentioned in the contract documents for performing any act after such aforesaid notice has been given, shall be reckoned from the date of posting of such notice.
- 24. Taxes and duties** 24.1 A foreign supplier shall be entirely responsible for all taxes, stamp duties, license fees, and other such levies imposed outside the purchaser's country.
- 24.2 A local supplier shall be entirely responsible for all taxes, duties, license fees, etc., incurred until delivery of the contracted goods to the purchaser.
- 24.3 No contract shall be concluded with any bidder whose tax matters are not in order. Prior to the award of a bid the Department must be in possession of a tax clearance certificate, submitted by the bidder. This certificate must be an original issued by the South African Revenue Services.
- 25. National Industrial Participation (NIP) Programme** 25.1 The NIP Programme administered by the Department of Trade and Industry shall be applicable to all contracts that are subject to the NIP obligation.
- 26..Prohibition of Restrictive Practices** 26.1 In terms of section 4 (1) (b) (iii) of the Competition Act No. 89 of 1998, as amended, an agreement between, or concerted practice by, firms, or a decision by an association of firms, is prohibited if it is between parties in a horizontal relationship and if a bidder (s) is / are or a contractor(s) was / were involved in collusive bidding (or bid rigging).
- 26.2 If a bidder(s) or contractor(s), based on reasonable grounds or evidence obtained by the purchaser, has / have engaged in the restrictive practice referred to above, the purchaser may refer the matter to the Competition Commission for investigation and possible imposition of administrative penalties as contemplated in the Competition Act No. 89 of 1998.
- 26.3 If a bidder(s) or contractor(s), has / have been found guilty by the Competition Commission of the restrictive practice referred to above,

the purchaser may, in addition and without prejudice to any other remedy provided for, invalidate the bid(s) for such item(s) offered, and / or terminate the contract in whole or part, and / or restrict the bidder(s) or contractor(s) from conducting business with the public sector for a period not exceeding ten (10) years and / or claim damages from the bidder(s) or contractor(s) concerned.

SIGNED AT .....ON.....

NAME (PRINT) .....

SIGNATURE .....