# SPECIAL CONDITIONS OF THE CONTRACT

## R9-2024

## SUPPLY AND DELIVERY OF SPECIALISED PRODUCTS FOR INFANT FEED, COMPLETE ENTERAL FEEDS FOR PAEDIATRICS AND ADULTS, ENTERAL FEED SUPPLEMENTS, OTHER NUTRITIONAL SUPPLEMENTS AND TUBE FEEDING SYSTEMS TO THE STATE FOR THE PERIOD

## 36 MONTHS

## NON-COMPULSORY BRIEFING SESSION TO BE HELD ON THE 25 OF MARCH 2024 ON MICROSOFT TEAMS

## CLOSING DATE AND TIME OF BID

## 15 APRIL 2024 AT 11H00

## BID VALIDITY PERIOD: 180 DAYS

National Treasury

Transversal Contracting

## Table of Contents

**LIST OF ABBREVIATIONS** ..... 4

**DEFINITIONS** ..... 5

**LIST OF ATTACHMENTS AND ANNEXURES** ..... 6

**LIST OF TABLES** ..... 6

SECTION A: INTRODUCTION AND TERMS OF REFERENCE ..... 9

1. DESCRIPTION AND FORMAT OF THE BID ..... 9
2. LEGISLATIVE AND REGULATORY FRAMEWORK ..... 9
3. OBJECTIVE OF THE BID ..... 10
4. BRIEFING SESSION ..... 10
5. PART 1: EVALUATION CRITERIA ..... 11

i. Micronutrient stability: ..... 16

ii. Absence of microbiological growth: at the beginning and the end of the study ..... 16

iii. Stability of oils and fatty acids (where applicable) ..... 16

iv. Organoleptic stability: taste (rancidity, acidity/bitterness, sweetness/savoury, etc), odour, product consistency and behaviour (absence of phase separation) ..... 16

v. Integrity of the packing materials (absence of leakage) ..... 16

vi. Integrity of markings ..... 16

vii. The report shall include: ..... 16

viii. An introduction with the batch used, the manufacturing date and the 'Best Before' date ..... 16

ix. The parameters used for the stability study. ..... 16

6. PART 2: ADDITIONAL BID REQUIREMENTS ..... 24
7. **PART 3: RECOMMENDATION AND APPOINTMENT OF BIDDERS** ..... 27

SECTION C: CONDITIONS OF CONTRACT ..... 29

8. CONCLUSION OF CONTRACT ..... 29
9. PARTICIPATING STATE INSTITUTIONS ..... 29
10. POST-AWARD PARTICIPATION ..... 29
11. CONTRACT MANAGEMENT: ROLES AND RESPONSIBILITIES ..... 30
12. CONTRACT PRICE ADJUSTMENT ..... 30
13. DELIVERY AND QUANTITIES ..... 35
14. DELIVERY ADHERENCE, ORDERS AND PAYMENTS ..... 35

 Initials_____

15. ITEM ADHERENCE / SUBSTITUTION ..... 36
16. CONTINUITY OF SUPPLY ..... 36
17. PACKAGING AND LABELLING ..... 36
18. SHELF LIFE AND STORAGE ..... 39
19. ASSIGNMENTS AND CESSIONS OF CONTRACTS AND CHANGES IN CONTACT DETAILS ..... 40
20. POST-AWARD PRODUCT COMPLIANCE PROCEDURES ..... 40
21. REGISTRATION ON DATABASES OF PARTICIPATING INSTITUTIONS ..... 41
22. MONITORING ..... 41
23. REFORMULATION OF PRODUCT AWARDED ..... 42
24. CHANGE OF MANUFACTURER / MANUFACTURING PREMISES ..... 42
25. TERMINATION ..... 43



Initials_____

## LIST OF ABBREVIATIONS

| Abb | Full Name |
|---|---|
| BAC | Bid Adjudication Committee |
| BEC | Bid Evaluation Committee |
| BQRC | Bid Quality Review Committee |
| B-BBEE | Broad-Based Black Economic Empowerment |
| CPA | Contract Price Adjustment |
| CPI | Consumer Price Index |
| CSD | Central Supplier Database |
| HACCP | Hazard Analysis and Critical Control Points |
| IAF | International Accreditation Forum |
| ILAC | International Laboratory Accreditation Cooperation |
| ISO | International Organization for Standardization |
| NAR | Nutritional Analysis Report |
| NT | National Treasury |
| OCPO | Office of the Chief Procurement Office |
| PPPFA | Preferential Procurement Policy Frame Act 5 of 2000 |
| RoE | Rate of Exchange |
| RSA | Republic of South Africa |



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## DEFINITIONS

| | |
|---|---|
| **Prebiotics** | Means a non-digestible carbohydrate food component or ingredient with a degree of polymerization between 2 to 60, which has a beneficial effect on the host's health by selectively stimulating the growth and metabolic activities of one or a limited number of beneficial, indigenous, intestinal bacteria, thus improving the host's intestinal balance. |
| **Probiotic** | Means live bacteria indigenous to the human intestinal tract, which, when consumed in adequate numbers, beneficially affect the health and functioning of the host's intestinal tract by modulating mucosal and systemic immunity as well as improving the nutritional and microbial balance and are therefore considered a dietary adjuvant and are added to foodstuffs for their prophylactic and health enhancing properties; |
| **Probiotic bacteria** | Means bacterial strains selected mainly from the general Lactobacillus and Bifidobacterium for which no drug or antibiotic resistance has been reported in independent studies published in credible, acceptable, peer-reviewed scientific journals, and these strains can be used in Biotherapeutics for therapeutic purposes or added to foodstuffs for their prophylactic and health enhancing properties; |
| **Hermetically sealed package** | Means an unopened container which forms an airtight closure, which is impervious to liquid and cannot be opened without breaking or damaging such package to safeguard the hygienic and other qualities of the product. |
| **Hazard Analysis and Critical Control Points (HACCP)** | Means a systematic preventive approach to food safety and pharmaceutical safety that addresses physical, chemical, and biological hazards as a means of prevention rather than finished product inspection. HACCP is used in the food industry to identify potential food safety hazards, so that key actions, known as Critical Control Points (CCP's) can be taken to reduce or eliminate the risk of the hazards being realized. The system is used at all stages of food production and preparation processes including packaging, distribution, etc. |
| **Container-closure systems** | Is defined as the sum of packaging components that together contain and protect the product. This includes primary packaging components and secondary packaging components if the latter are intended to provide additional protection (e.g light barrier) to the product. These container-closure systems may be presented as a tin, can, tetra pack, bottle or re-sealable pouch` as per the stipulations of the specification. |



Initials_____

## LIST OF ATTACHMENTS AND ANNEXURES

i. **Standard Bidding Documents (SBD's)**
ii. **Transversal Contracting Documents (TCD's)**
iii. **General Conditions of Contract (GCC)**
iv. **Annexure A -Technical Specification**
v. **Annexure B - Pricing Schedule**
vi. **Annexure C - Nutritional Analysis Template:**
vii. **Annexure D - Declaration**

## LIST OF TABLES

Table 1: Bid Document Checklist and Returnable ..... 7

Table 2: Summary of Technical Specifications Categories ..... 10

Table 3: Evaluation Criteria ..... 11

Table 4: Example of Cost Breakdown ..... 23

Table 5: Contract Price Adjustment Formula ..... 31

Table 6: Contract Price Adjustment Cost Components ..... 32

Table 7: Applicable Indices/References ..... 32

Table 8: Price Adjustment Period ..... 33

Table 9:CPA Rate Of Exchange ..... 34

Table 10: Rate of Exchange Average Periods ..... 34

Table 11: Labelling Details ..... 38

Returnable Documents Check List

**Table 1: Bid Document Checklist and Returnable**

| # | Document Name[1] | Included in the published bid document? | To be returned by the bidder? | Bidder to tick Yes if the document is submitted |
|---|---|---|---|---|
| **PHASE 1: ADMINISTRATIVE REQUIREMENTS EVALUATION** | | | | |
| 1. | SBD 1 Invitation to Bid | Yes | Yes | |
| 2. | Proof of authority must be submitted as per SBD 1 | No | Yes | |
| 3. | SBD 4 Bidder's Disclosure | Yes | Yes | |
| 4. | SBD 5 National Industrial Participation Program | Yes | Yes | |
| 5. | SBD 6.1 Preference Points Claim Form | Yes | Yes | |
| 6. | Central Supply Database Report | No | Yes | |
| 7. | Written confirmation for disclosing tax status by SARS | No | Yes | |
| **PHASE 2: MANDATORY REQUIREMENTS EVALUATION** | | | | |
| 8. | Pricing Schedule (Annexure B) | Yes | Yes | |
| 9. | Quality Standards Certificate | No | Yes | |
| **PHASE 3: TECHNICAL COMPLIANCE EVALUATION** | | | | |
| 10. | Detailed Technical Specifications (Annexure A) | Yes | Yes | |
| 11. | Declaration of Sterility (If applicable) | No | Yes | |
| 12. | TCD 13 Authorization Declaration | Yes | Yes | |
| 13. | TCD 13.1 List of goods or services offered | Yes | Yes | |
| 14. | TCD 13.2 Letter of Undertaking | Yes | Yes | |
| 15. | TCD 14 Historical Exchange Rates | Yes | No | |
| 16. | Laboratory Analysis Reports | No | Yes | |
| 17. | Nutritional Analysis | No | Yes | |
| 18. | Microbial Report | No | Yes | |

[1] Table 1 is provided as guidance to assist bidders with documents that must be returned with the bid. The list is not exhaustive, and it is the responsibility of the bidder to provide all required documents as per the provision of each clause in this bid



Initials_____

| # | Document Name[1] | Included in the published bid document? | To be returned by the bidder? | Bidder to tick Yes if the document is submitted |
|---|---|---|---|---|
| 19. | Stability/Shelf-life Report | No | Yes | |
| 20. | Nutritional Analysis Summary Report (Annexure C) | Yes | Yes | |
| 21. | Product Labels and Picture | No | Yes | |
| 22. | Sample submission for visual screening | No | Yes | |
| **PHASE 4: PRICE & SPECIFIC GOALS EVALUATION** | | | | |
| 23. | Pricing Schedule (Annexure B) | Yes | Yes | |
| 24. | SBD 6.2 Local Content | Yes | Yes | |
| 25. | Declaration of Reformulation & Discontinued items (Annexure D) | Yes | Yes | |
| **OTHER BID DOCUMENT REQUIREMENTS** | | | | |
| 26. | Special Conditions of Contract | Yes | Yes | |
| 27. | General Condition of Contract | Yes | Yes | |
| 28. | TCD1 4 – Historical ROE Data | Yes | Yes | |



Initials_____

## SECTION A: INTRODUCTION AND TERMS OF REFERENCE

### 1. DESCRIPTION AND FORMAT OF THE BID

1.1 This bid is for the supply and delivery of specialised products for infant feeds, complete enteral feeds for paediatrics and adults, enteral feed supplements, other nutritional supplements and feeding systems to the state for the period of 36 months.

1.2 This bid document is structured as follows:

1.2.1 Section A: Introduction and Terms of Reference

1.2.2 Section B: Conditions of Bid

1.2.2.1 Part 1: Evaluation Criteria

1.2.2.2 Part 2: Additional Bid Requirements

1.2.2.3 Part 3: Recommendation and Appointment of Bidders

1.2.3 Section C: Conditions of Contract

### 2. LEGISLATIVE AND REGULATORY FRAMEWORK

2.1 This bid and all contracts emanating therefrom will be subject to General Conditions of Contract issued in accordance with Treasury Regulation 16A published in terms of the Public Finance Management Act, 1999 (Act 1 of 1999) (PFMA) as well as the Preferential Procurement Policy Framework Act 2000 (PPPFA) with its latest 2022 regulations.

2.2 The Special Conditions of Contract (SCC) are supplementary to that of the General Conditions of Contract (GCC). However, where the Special Conditions of Contract conflict with the General Conditions of Contract, the Special Conditions of Contract prevail.\

2.3 This bid is subject to all applicable industry-related legislation, particularly the legislation stated below:

2.3.1 Products offered must comply with the Foodstuff, Cosmetics, and Disinfectants Act, 1972 (ACT 54 of 1972) including latest Regulations. Products offered must comply with the latest revision of the relevant Codex Alimentarius Standards where applicable.

2.3.2 Medicines and Related Substances Amendment Act, No. 72 of 2008 (Amendment Act) read together with a further Amendment Act, Medicines, and Related Substances Act No. 14 of 2015.



Initials_____

## 3. OBJECTIVE OF THE BID

3.1 To arrange the RT9-2024 transversal contract for the supply and delivery of specialised products for infant feeds, complete enteral feeds for paediatrics and adults, enteral feed supplements, other nutritional supplements and feeding systems to the state for the period of 36 months.

3.2 For the promotion of historically disadvantaged individuals as per the specific goals (maximum 10 points) allocated in terms of Preferential Procurement Regulations 2022 issued according to the Preferential Procurement Policy Framework Act, 2000 (Act 5 of 2000).

3.3 To apply the 90/10 preference point system as per Preferential Procurement Regulations (PPR) 2022.

3.4 It is the objective of this bid in terms of section 2(1) (f) of the PPPFA Act for the State to consider bids offering goods with more local content and/or local value added.

## 4. BRIEFING SESSION

4.1 A non-compulsory virtual briefing session will be held as follows:

Venue: Microsoft Teams. RT9-2024 BRIEFING SESSION

Date: 25 March 2024

Time: 11h00 am

4.2 The bid information session is not compulsory but will provide bidders with an opportunity to obtain clarity on certain aspects of the procurement process as set out in this bid document. The National Treasury reserves the right to answer questions at the briefing session and/or to respond formally after the briefing session.

### 4.3 TECHNICAL SPECIFICATIONS

4.3.1 The bid for the supply and delivery of specialised products for infant feeds has 8 categories with a total number of line items of 149. The detailed technical specifications are as per the attached Annexure A.

4.3.2 The items are categorised as follows:

**Table 2: Summary of Technical Specifications Categories**

| # | Category Description | # Items |
|---|---|---|
| 1 | Infant Feeds | 27 |
| 2 | Paediatrics Feeds | 16 |
| 3 | Adult Feeds | 62 |
| 4 | Modular Feeds | 12 |
| 5 | Other Feeding Products | 7 |
| 6 | Nutrition products for the management of severe acute malnutrition or children 6 months-5 years of age | 11 |
| 7 | Nutrition supplements for malnourished patients | 9 |
| 8 | Feeding systems | 5 |
| Total Number of Items | | 149 |



Initials_____

## SECTION B: CONDITIONS OF BID

## 5. PART 1: EVALUATION CRITERIA

The details of the evaluation phases are outlined below:

**Table 3: Evaluation Criteria**

| Phase 1 | Phase 2 | Phase 3 | Phase 4 |
|---|---|---|---|
| Administrative and Legislation Evaluation | Mandatory Evaluation | Technical Compliance | Price and Specific goals |
| Compliance with legislative and other bid requirement | Compliance with mandatory and other bid requirements | Compliance with the item's technical specifications | Bids evaluated in terms of the 90/10 preference points system |

**NB:** The State may conduct due diligence during any of the evaluation phases to confirm the information submitted by the bidder and any misrepresentation by the bidder may disqualify the bid thereof.

### 5.1 PHASE 1: ADMINISTRATION REQUIREMENTS EVALUATION

5.1.1 Bidders are required to submit the below documents to comply with the policy to guide uniformity in procurement reform processes in Government. as per section 2 of Practice Note No Supply Chain Management SCM)1 of 2003 regarding bid documentation for supply chain management.

5.1.1.1 **SBD 1 –** Invitation form to bid.

5.1.1.2 **Proof of Authority –** The company resolution for the capacity under which this bid is signed as per SBD 1

5.1.1.3 **SBD 4 –** Bidders Disclosure

5.1.1.4 **SBD 5 –** The National Industrial Participation Programme

5.1.1.5 **SBD 6.1 –** Preference points claim form.

5.1.1.6 **Central Supplier Database –** A bidders Central Supplier Database (CSD) report must be submitted.

5.1.1.7 **Written Confirmation to disclose tax status –** Bidders must submit a tax pin issued by SARS, that on an ongoing basis during the bid process and the tenure of the transversal contract SARS may disclose the bidder's tax compliance status to third parties and by submitting this bid such confirmation is deemed to have been granted.



Initials_____

## 5.2 PHASE 2: MANDATORY REQUIREMENTS

5.2.1 Bidders' must submit all required documents indicated hereunder with the bid documents at the closing date and time of the bid. During this phase bidders' responses will be evaluated against the mandatory requirements for compliance. Bidders who fail to comply with all the mandatory criteria will be disqualified.

### 5.2.2 Pricing Schedule

5.2.2.1 The pricing schedule (see Annexure B) provided in this bid forms an integral part of the bid document and bidders must ensure that it is fully completed without changing the structure thereof. All pricing offered must be on a national level.

5.2.2.2 Bidders are required to complete and submit a mandatory Pricing Schedule Annexure B as a main document response to which product is offered, how much the items offered will be charged. Non-submission of the Pricing Schedule will invalidate the bid response.

5.2.2.3 Prices submitted in this bid must be filled in on the field provided on the pricing schedule provided with the bid. Price structures that do not comply with this requirement may invalidate the bid.

### 5.2.3 Quality Standard Certificates

5.2.3.1 Bidders are required to submit one (1) of the option indicated in the table below for the quality assurance certificates for all manufacturing premises including warehouse and distribution at the closing date and time of bid. Failure to submit will invalidate your bid.

**Table 4: Certificate Required**

| OPTION # | QUALITY STANDARD CERTIFICATES |
|---|---|
| **Option 1** | 1. The latest ISO 10330 / SANS 10330 –Hazard Analysis and Critical Control Points<br>2. The latest ISO 9001 / SANS 9001 - Quality Management Systems<br>3. Certificate of Acceptability (Issued by local municipality) |
| **Option 2** | 1. The latest ISO 22000 - Food Safety Management Systems<br>2. Certificate of Acceptability (Issued by local municipality) |
| **Option 3** | 1. The latest FSSC: 22000 - Food Safety System Certification<br>2. Certificate of Acceptability (Issued by local municipality) |
| **Option 4** | 1. Good Manufacturing Practices Certification (Issued by SAHPRA) |

5.2.3.2 **The Certificate of Acceptability -** Must be as per the Regulations 638 which governs the general hygiene requirements for food premises, storage and the transport of food and related matters. The certificate must be issued by the relevant local municipality as required in regulation. The certificate must cover the following minimum information:

I. Manufacturing facilities
II. Warehousing facilities and
III. Freight forwarders and transporters of the product

 Initials_____

## 5.3 PHASE 3: TECHNICAL SPECIFICATION COMPLIANCE AND VISUAL SCREENING

5.3.1 During this phase bidders' responses will be evaluated based on technical requirements for each item offered. Non-compliance to all the evaluation requirements below will result in disqualification of the relevant line item being evaluated.

### 5.3.2 Standards/Specifications

5.3.2.1 Items must comply with technical specifications (**Annexure A**) as stated in the bid document of each item. The technical specification as per the pricing schedule is a summary description and the attached **Annexure A** is the detailed technical Specification of all the items. Non-compliance to the technical specification requirement will invalidate the items to which the compliance is not adhered.

5.3.2.2 Where specific specifications and/ or standards are applicable for each item, the quality of products shall not be less than the requirements of the latest edition of such specifications and/or standards throughout the contract period.

5.3.2.3 The State may consider products that have a reasonable deviation to the technical specification. This is subject to the deviation providing a better output and provided that the deviation not causing any clinical and functional harm to the target population and users that the product is aimed at and that the functional output of the item technical specification is achieved. This will therefore be decided upon based on the clinical judgement and expertise of the Bid Evaluation Committee.

### 5.3.3 Sterility Standards

5.3.3.1 Bidders must submit a declaration of sterility for all items where sterility is a requirement in the item specification. Products packaging must indicate sterile on the outer and inner packaging/label of the product.

### 5.3.4 Authorization Declaration

5.3.4.1 All bidders must complete the "Authorisation Declaration" (TCD 13 and TCD 13.1) for all relevant goods or services in full, sign it and submit it together with the bid response at the closing date and time of the bid invitation.

5.3.4.2 Any bidder who is not an original manufacturer of the equipment must submit a valid Third-Party Undertaking letter (template provided as TCBD 13.2) in full for all relevant goods or services. The letter of undertaking must include but not be limited to the following:

a) Item(s) number, item description and brand/model name.
b) The letter must be on the original manufacturer's letterhead, dated and signed.
c) Letter must be not older than 30 days at the closing date and time of bid
d) The letter must have the contact's name, physical and postal address, telephone, and email details and the capacity with which a person is signing the letter.

 Initials_____

e) All the information on the letter must be in English.

5.3.4.3 Letter of undertaking must be from an Original Product Manufacturer (OPM) or an authorized importer/distributor of the item. In case where the letter is from an authorized importer/distributor, such proof from OPM authorizing the importer or distributor must also be submitted with bid at the closing date and time of bid.

5.3.4.4 The State reserves the right to verify any information supplied by the bidder and should the information be found to be fraudulent, or not truthful/incorrect the State will exercise any of the remedies available to it in this bid document.

5.3.4.5 The bidder must ensure that all financial and supply arrangements for goods or services have been mutually agreed upon between the bidder and the third party (manufacturer or authorized importer/distributor). No agreement between the bidder and the third (3rd) party will be binding on the State.

5.3.4.6 Failure to submit a duly completed Authorisation Declaration (TCD 13 and TCD 13.1) indicated in above provisions may invalidate the bid for such goods or services offered. Failure to submit a valid letter of undertaking will invalidate the relevant items.

5.3.5 **Laboratory Analysis Reports**

5.3.5.1 Bidders are required to submit the laboratory analysis reports (Nutritional Analysis, Microbial Analysis and Stability/ Shelf-Life Report) at the date and time to be communicate by National Treasury. Only bidders who complied with Phase 1 and 2 will be requested to submit the analysis reports. These reports are to be submitted as hard copies and soft copies on a USB.

5.3.5.2 The laboratory analysis reports must be submitted proofing that the relevant item (s) complies with the specification as per the technical specification requirements. Non-compliance will invalidate the item which the analysis reports are not submitted and not compliant.

5.3.5.3 All analysis reports must be issued from a laboratory which is accredited by South African National Accreditation System (SANAS) or International Laboratory Accreditation Cooperation (ILAC) or International Accreditation Forum (IAF) and should meet the pre-requisite of ISO/IEC 17025.

5.3.5.4 All the laboratory analysis reports for all items offered must not be older than twelve (18) months at the closing date of the bid.

5.3.6 It is the responsibility of the bidder to ensure that the laboratory analysis reports are submitted to National Treasury before the Bid Evaluation Committee as indicated above.

5.3.6.1 Cost of complying with all the above-mentioned requirements shall be at the bidder's own account.

 Initials_____

5.3.7 **Nutritional Analysis**

5.3.7.1 Bidders are required to submit nutritional analysis report which as stipulated in the item specification under the list of compulsory tests for each item offered. The nutritional analysis report must include the analysed amount of each of the nutrients as stipulated in the specifications.

5.3.7.2 In addition nutritional analysis report issued by an accredited institution indicated above, bidders are required to complete and submit **Annexure C -Nutritional Analysis Summary Report** for all items offered. This must be submitted in an excel format in the memory stick (USB) ONLY.

5.3.7.3 It is the responsibility of the bidder to ensure that the nutritional analyses submitted complies to the units of measure as stipulated in the specification (e.g. per 100ml or 100g or per sachet etc).

5.3.7.4 In cases where bidders receive the nutritional analyses in units that deviate from the specification, is the responsibility of the bidder to provide the conversions to the required units as reflected on the specification.

5.3.7.5 The bidder is required to submit all necessary calculations or conversion factors used to derive the given values in an excel spreadsheet. The Department will not be liable for any incorrect conversions or calculations submitted by the bidder. Any incorrect conversions or calculations may disqualify the item under consideration.

5.3.8 **Microbial Analysis Report**

5.3.8.1 Where applicable, a microbial analysis report as stipulated in the detailed technical specification under the list of compulsories must be submitted for each item offered.

5.3.9 **Stability/Shelf-life Report**

5.3.9.1 Where applicable, a stability or shelf-life studies report must be submitted with the bid for each item offered. Stability studies shall be conducted by the manufacturer on the product in primary packaging, to determine the product shelf life and storage conditions.

5.3.9.2 For any new product development or in the absence of shelf-life studies for an existing product and if stability study is not finalised at the closing date and time of bid, a minimum of 6 months accelerated stability study, with factor 2 with testing at time points T0, T1, T2, T4, T6 (months) will be considered and the manufacturer shall commit to continue the real time stability study and to send reports as soon as preliminary results are available.

5.3.9.3 Stability testing should cover chemical, physical, biological and microbiological attributes, including preservative content. Tests should be conducted on those attributes that are susceptible to change during storage and transport and that can influence the safety, efficacy and quality of the product;

5.3.9.4 Stability studies should be carried out on at least three primary batches. The primary batches should be of the same formulation and packaged in the same container-closure system as proposed for marketing. The

 Initials_____

manufacturing process used for primary batches should simulate that to be applied to full-scale production batches and should provide product of the same quality and meeting the same specification as that in-tended for marketing.";

5.3.9.5 Stability studies under the conditions defined for climatic zones IVb (30°C±2°C/75% RH ±5% RH) should be performed. Stability studies must verify the following parameters (with examples that can be used):

i. Micronutrient stability:
ii. Absence of microbiological growth: at the beginning and the end of the study
iii. Stability of oils and fatty acids (where applicable)
iv. Organoleptic stability: taste (rancidity, acidity/bitterness, sweetness/savoury, etc), odour, product consistency and behaviour (absence of phase separation)
v. Integrity of the packing materials (absence of leakage)
vi. Integrity of markings
vii. The report shall include:
viii. An introduction with the batch used, the manufacturing date and the 'Best Before' date
ix. The parameters used for the stability study.

5.3.9.6 The results preferably presented in the form of a summary table, with the specifications (acceptance criteria) for at least all parameters listed above. Numerical values of results must be stated, the word "complies" or "conforms" will not be acceptable in place of numerical values;

5.3.9.7 The details on the laboratory(ies) used and it (their) accreditation, and the test methods shall appear.

5.3.9.8 The conclusion (or temporary conclusion) based on the obtained results, including the justification for the shelf life and recommended storage conditions.

5.3.9.9 IN-USE stability: Where the product is to be reconstituted and/or diluted before use, such as powder or concentrate "in-use" stability data must be submitted to support the recommended in-use storage conditions and duration.

5.3.9.10 The report shall be sent at T0 (for the validation of the protocol) and when the results are available at T6 months, T12 months and then yearly until the end of the shelf life.

5.3.10 **Product Labels and Pictures**

5.3.10.1 Bidders must submit product pictures and electronic versions of their products labels when submitting the samples. The submission must be in the USB/ memory stick. No printed submission will be accepted.

5.3.11 **Samples Submitted for Visual Screening**

5.3.11.1 All items must comply with the technical specification (Annexure A) as provided in this bid as stated in the technical specification detail of each item. Failure to comply will invalidate the items concerned.

 Initials_____

5.3.11.2 Bidders that have complied with the **Phase 2 evaluation** above will be required to submit samples for visual screening to confirm compliance with technical specifications. Failure to submit the samples as required will invalidate the bid for the items for which samples are not submitted.

5.3.11.3 **Sample Submission** - The National Treasury will send a schedule indicating the date, time, place, and venue to bidders who complied with Phase 1 and 2 of the bid evaluation to submit samples.

5.3.11.4 **#NB:** Bidders' attention is drawn to the fact that a schedule for sample submission will be forwarded to relevant bidders with short' notice immediately after the bid closing date. It is the responsibility of the bidder to ensure that correct contact details are provided in the bid document and that samples are submitted on time, at the correct venue to be provided.

5.3.11.5 Where different sizes of the same item are called for against different item numbers, samples of each size must be submitted. If the specifications require a set, then the sample must be submitted as a complete set.

5.3.11.6 All samples submitted for visual screening must be a true representation of the product which will be supplied by the supplier throughout the contract period.

5.3.11.7 All samples, must be as per the product offered on the pricing schedule, must comply to the labelling requirements, must be a true representation of the product that will be supplied during the contract period.

5.3.11.8 **Guide on how to submit samples.**

a) It is preferred that bidders align the bid specification requirements with the manufacturer's technical specification. For this purpose, bidders should highlight the bid specification requirements on the technical specification provided by the manufacturer. Samples whose specification compliance is not verifiable on the manufacturer's technical sheet will be disqualified for the relevant item.

b) **TWO SAMPLES REQUIRED:** In terms of edible items (items made for consumption), bidders are requested to submit two samples per item, one sample with full contents and the other sample without any contents (empty container).

c) **MOCK SAMPLES:** Bidders submitting mock samples must clearly indicate this on the actual sample, bid document and nutritional analysis report **Annexure C**.

5.3.11.9 **Manufacturers Technical Specification-Brochures** – Where required, bidders must submit with the samples, an original manufacturer's technical specification (brochure) for all devices/equipment offered, preferably in colour, with fully comprehensive product technical specification information. The brochure must indicate the product name and description, make/model, device images and all information required to verify compliance with technical specification requirements. Where applicable, bidders may be required to include the product brochures in a **USB/Flash drive** when submitting samples saved by item numbers.



Initials_____

5.3.11.10 **USB with Product Labels and Pictures** –Bidders must submit the labels and pictures of the product on the date which samples are submitted. Failure to submit the product labels and pictures as required will invalidate the relevant items. No hard copies will be accepted.

5.3.11.11 **Marking of Samples -** Samples must be marked with the bid number, item number(s) as per the Technical Specification, brand/model name, company name, and contact details. Unmarked samples will be disregarded and will not be evaluated.

5.3.11.12 **Collection of all samples – Bidders will be informed of the** date and time for which samples must be collected. This date may be immediately after the evaluation has been finalized. Samples not collected within the communicated periods and time frames will be disposed of at the discretion of the State and the National Treasury bears no risk for uncollected samples.

## 5.4 PHASE 4: PRICE AND SPECIFIC GOALS

### 5.4.1 Pricing Schedule and structure requirements

5.4.1.1 Prices quoted must be furnished based on "delivered to State facility" country-wide inclusive of VAT.

5.4.1.2 The pricing schedule provided in this bid forms an integral part of the bid document and bidders must ensure that it is completed without changing the structure thereof. Bidders are required to complete a mandatory Pricing Schedule as a response to how much the items offered will be charged.

5.4.1.3 Due diligence on market-related pricing reasonability may be conducted. The State reserve the right to disqualify bid offers which are under-quoted and or are above market value. In this case, the bidder may be required to submit supporting documentation to the State to prove that the pricing is not under-quoted or above market value.

5.4.1.4 Conditional discounts offered will not be taken into consideration during evaluation.

5.4.1.5 Prices submitted in this bid must be filled in on the field provided on the pricing schedule supplied with the bid. Price structures that do not comply with this requirement may invalidate the bid.

5.4.1.6 The Pricing Schedule (**Annexure B**) must be submitted in two forms, as hardcopy which must be included in the bid document and in an Excel, spreadsheet saved in a USB/memory stick at the closing date and time of bid. Both the hard copy and the Excel version must be the same (replica).

5.4.2 **Annexure D: Declaration of Product Re-Formulations and Discontinuation -** Bidders are required to complete in full the attached **Annexure D – Declaration form** and submit with the bid. The state reserves the right not to consider any item offered which is currently or is planned within the first 18 months of the contract to being reformulated/ Discontinued.



Initials_____

5.4.3 **Preferential Point System**

5.4.3.1 The pricing evaluation will be in terms of the Preferential Procurement Regulations as per the Preferential Procurement Policy Framework Act, 2000 (Act 5 of 2000), responsive bids will be adjudicated by the State on the 90/10 preference point system based on:

a) The bid price (Maximum of 90 points)

b) Historically disadvantaged individuals as well as specific goals (maximum 10 points)

5.4.3.2 The following formula will be used to calculate the points for price:

$$Ps = 90\left(1 - \frac{Pt - P\min}{P\min}\right)$$

Where,

Ps = Points scored for the comparative price a of bid under consideration

Pt = Comparative price of a bid under consideration

Pmin = Comparative price of lowest acceptable bid

5.4.3.3 **The points for historically disadvantaged individuals as well as other specific goals are allocated as follows:**

**Table 5: Allocated Goals**

| GOALS | POINTS |
|---|---|
| Preference points for equity ownership by historically disadvantaged Individuals who, due to the apartheid policy that had been in place had no franchise in national elections prior to the introduction of the Constitution of the RSA, 1983 (Act 110 of 1983) or the Constitution of the RSA,1993 (Act 200 of 1993), ("the Interim Constitution") and or | 3 |
| historically disadvantaged Individuals **who is a female** | 2 |
| Other specific goals (RDP goals)<br>- Local Manufacturing (locally produced product) | 5 |

a) The points scored by a bidder in respect of the goals indicated above will be added to the points scored for price.

b) Bidders are required to complete the SBD 6.1 forms to claim preference points. Only a bidder who has completed and signed the declaration part of the SBD 6.1 and preference points claim forms will be considered for preference points.

c) The bidders must submit Identity Documents (ID), Central Supplier Database (CSD) and CIPC registration documents. These documents will serve as proof of ownership and directorship of the company.

d) Failure on the part of a bidder to submit proof or documentation required in terms of this tender to claim

 Initials_____

points for specific goals with the tender will not be allocated with the points claimed.

e) The State may, before a bid is adjudicated or at any time, require a bidder to substantiate claims it has made about preference.

f) Points scored will be rounded off to the nearest 2 decimals.

g) If two or more bids have scored equal total points, the contract will be awarded to the bidder scoring the highest number of points for the specified goals. Should two or more bids be equal in all respects, the award shall be decided by the drawing of lots.

h) A contract may, on reasonable and justifiable grounds, be awarded to a bid that did not score the highest number of points. in terms of section 2(1) (f) of the PPPFA Act, the State may consider bids offering goods with more local content and/or local value added.

i) Preference points may not be claimed in respect of individuals who are not actively involved in the management of an enterprise or business and who do not exercise control over an enterprise or business commensurate with their degree of ownership.

5.4.3.4 **The following formula must be applied to calculate the number of points out of the points allocated to ownership for specific goals:**

$$\mathbf{PSSG = MPA\ x\ \frac{POE}{100}}$$

**Where:**

PSSG= Points scored for a specific goal

MPA = Maximum points allocated for a specific goal

PEO = Percentage of equity ownership by an HDI

5.4.3.5 **Specific goals with proof of equity ownership requirements and related matters**

a) The specific goals contemplated in the paragraph above and are related to equity ownership must be equated to the percentage of an enterprise or business owned by individuals or, in respect of a company, the percentage of a company's shares that are owned by individuals, who are actively involved in the management of the enterprise or business and exercise control over the enterprise, commensurate with their degree of ownership at the closing date of the tender.

b) If the percentage of ownership contemplated in the paragraph above changes after the closing date of the tender, the tenderer must notify the Office and such tenderer will not be eligible for any preference points.

c) Equity in private companies must be based on the percentage of equity ownership.

 Initials_____

d) Preference points may not be awarded to public companies and tertiary institutions.

e) Equity claims for a Trust may only be allowed in respect of those persons who are both trustees and beneficiaries and who are actively involved in the management of the Trust.

f) Documentation to substantiate the validity of the credentials of the trustees contemplated in the paragraph above must be submitted to the Office.

g) A consortium or Joint Venture may claim points for specific goals, based on the percentage of the contract value managed or executed by individuals who are actively involved in the management or exercise control of the respective parties of the consortium or Joint Venture.

h) A tenderer must submit proof of its ownership. A tenderer who does not submit proof of ownership may not be disqualified from the bidding process, but they score points out of ninety (90) for price and zero (0) points out of ten (4) for HDI goals and one (1) point for female.

5.4.3.6 **Specific goals in relation to procuring locally produced products.**

a) Preference points may only be claimed for products, which will be manufactured (fabricated, processed or assembled), in the Republic of South Africa. In cases where production has not yet commenced at time of bid closure, evidence shall be produced that at the time of bid closure, the bidder was irrevocably committed to local production of the product.

b) Local content means that portion of the bid price, which is not included in imported content, provided that local manufacture does take place.

c) Imported content means that portion of the bid price represented by the costs of components, parts or materials which have been or are still to be imported (whether by the bidder or his suppliers or sub-contractors) and which costs are inclusive of the costs abroad, plus freight and other direct importation costs such as landing costs, dock dues, import duties, sales duties, or other similar taxes or duties at the South African place of entry as well as transportation and handling charges to the factory in the Republic where the supplies for which a bid has been submitted are manufactured.

d) Bidders must indicate in the pricing schedule (Annexure B) which product(s) [item number(s)] is/are manufactured locally and indicate the local content % of each product / item in relation to the bid price. The points will be calculated automatically in the pricing schedule. Points claimed will be indicated in the “points claimed” column.

e) The following formula must be applied to calculate the number of points out of the points allocated to ownership for specific goals:

$$\mathbf{PSLC = MLC \times \frac{PLC}{100}}$$



Initials_____

**Where:**

PSLC= Points scored for a local content

MLC = Maximum points allocated for Local Content

PLC = Percentage of Local Content for product offered

f) To qualify for the points of local manufacturing, the definition of a locally produced product will be limited to at least the conversion process (substantiated value adds) being in the Republic of South Africa. Substantial supporting documents may be required at any point in time before and post-award of the contract. Due diligence, which includes site visits, may be conducted in this regard.

g) The following aspects must be complied with:

i) The site/s of manufacturing and/or assembling of the product offered is in South Africa.

ii) Demonstrated capacity to service the required volumes is confirmed.

iii) Compliance to all other aspects contained in these Special Requirements and Conditions of Contract

iv) The product offered meets the minimum requirement as per technical specification requirements.

h) In the event of a contract being awarded as a result of points claimed, the contractor may be required to furnish documentary proof to the satisfaction of the purchaser that the claims are correct. If the claims are found to be incorrect, the State, in addition to any other remedy it may have –

i) Recover all costs, losses, or damages it has incurred or suffered as a result of the bidder's conduct.

ii) 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.

iii) Impose a financial penalty more severe than the theoretical financial preference associated with the claim which was made in the bid.

5.4.4 **Applicable Taxes**

a) All bid prices must be inclusive of all applicable taxes.

b) All bid prices must be inclusive of fifteen percent (15%) Value Added Tax.

c) Failure to comply with this condition may invalidate the bid.

5.4.5 **Cost Breakdown**

5.4.5.1 Bidders are requested to submit the cost breakdown of their pricing for each item offered on the response fields allocated on the pricing schedule for each item offered. The cost breakdown submitted will be utilized during the price adjustment considerations.



Initials_____

5.4.5.2 Bidders should itemise the cost of each item into various components which are cost-drivers. The cost needs to be broken down into direct and indirect costs. Each cost driver should be assigned a percentage of the total cost.

5.4.5.3 Example:

**Table 6: Example of Cost Breakdown**

| Cost-driver | % Total Cost |
|---|---|
| Imported raw material | 30% |
| Local raw material | 20% |
| Labour | 15% |
| Transport | 30% |
| Other (Indicate) | 5% |
| **The total % of the item** | **100%** |

5.4.6 **TCD 14 Historical Exchange Rates**

5.4.6.1 In terms of cost price adjustment, bidders should make use of any relevant currency for the items offered by calculating the average for the period 1 January 2023 to December 2023 using the Reserve Bank published rates for the specific currency. Bidders are to visit https://www.resbank.co.za/ to obtain the relevant rates. Reference to **TCD 14** on the procedure to download historical exchange rates from the Reserve Bank website for instructions.

5.4.7 **Responsive Bids**

5.4.7.1 Bidders are required to submit responsive bids by completing all pricing and item information on the provided pricing schedule (Annexure B) for the individual items and all required forms. Non-submission of the pricing schedule (Annexure B) will invalidate the bid response.



Initials_____

## 6. PART 2: ADDITIONAL BID REQUIREMENTS

### 6.1 COMPANY REGISTRATION

6.1.1 Bidders must submit proof of registration issued by the Companies Intellectual Property Commission (CIPC). Where the shareholding or ownership is clearly indicated on the CIPC documents, additional document detailing the shareholding of the bidder in support of the proof of company registration must be submitted. The shareholding certificate must be issued by the approved authorities.

### 6.2 COMPANY PROFILE

6.2.1 Bidders are requested to submit a company profile which includes, but is not limited, to the following: -

6.2.1.1 Business structure and strategies; and

6.2.1.2 Years of company existence and experience relevant to this bid.

### 6.3 TERMS AND CONDITIONS OF BID

6.3.1 **Counter Conditions**

6.3.1.1 Bidders' attention is drawn to the fact that amendments to any of the bid conditions or setting of counter conditions by bidders may result in the invalidation of such bids.

6.3.1.2 The National Treasury reserves the right to change or supplement any information or to issue any addendum to this bid before the closing date and time. The National Treasury and its officers, employees and advisors will not be liable in connection with either the exercise of or failure to exercise this right.

6.3.1.3 If the National Treasury exercises its right to change or supplement information in terms of the above clause, it may seek amended bid documents from all bidders.

6.3.2 **Fronting**

6.3.2.1 The National Treasury supports the spirit of broad-based black economic empowerment and recognizes that real empowerment can only be achieved through individuals and businesses conducting themselves by the Constitution and in an honest, fair, equitable, transparent, and legally compliant manner. Against this background, the National Treasury does not support any form of fronting.

6.3.2.2 The National Treasury, in ensuring that bidders lawfully conduct themselves will, as part of the bid evaluation processes, conduct, or initiate the necessary enquiries/investigations to determine the accuracy of the representation made in this bid document. Should any of the fronting indicators as contained in the Guidelines on Complex Structures and Transactions and Fronting, issued by the Department of Trade, Industry and Competition, be established during such enquiry/investigation, the onus will be on the bidder to prove that fronting does not exist.

6.3.2.3 Failure to do so by the bidder within fourteen (14) days from the date of notification by the National Treasury

 Initials_____

may invalidate the bid/contract and may also result in the restriction of the bidder from conducting business with the public sector for a period not exceeding ten (10) years, in addition to any other remedies the National Treasury may have against the bidder concerned.

## 6.4 SUBMISSION OF BIDS

### 6.4.1 PHYSICAL AND HARDCOPY BID SUBMISSION

6.4.1.1 Bidders are required to submit hard copies at the National Treasury, 240 Madiba Street, TIC, and Deposit the bid in the tender box.

6.4.1.2 The hard copy of the bid response will serve as the legal bid document.

6.4.1.3 Bidders' attention is drawn to the sequential submission format as per the checklist in Table 1.

6.4.1.4 Bidders must submit the bid at TIC situated at corner 240 Thabo Sehume and Madiba Streets, Pretoria in the following format:

a. One (1) original hard copy

b. One (1) memory stick or USB with all the documents on the original hard copy and an Excel version of the pricing schedule. Bidders must ensure that the USB is marked with the bidder's name.

6.4.1.5 All documents on the USB submitted must be an exact copy of the hard copy documents. Any discrepancies between the USB document and the original hard copy, the hard copy will take precedence.

6.4.1.6 A bid should be submitted in a sealed envelope or sealed suitable cover on which the name and address of the bidder, the bid number and the closing date must be visible.

6.4.1.7 Submit all bid queries via email to Demand.Acquisition2@treasury.gov.za.

## 6.5 LATE BIDS

6.5.1 Bids received after the closing date and time at the TIC will NOT be accepted for consideration and where practical, be returned unopened to the bidder.

## 6.6 COMMUNICATION AND CONFIDENTIALITY

6.6.1 The Chief Directorate: Transversal Contracting (TC) within the Office of the Chief Procurement Officer (OCPO) may communicate with bidders where clarity is sought after the closing date and time of the bid and before the award of the transversal contract, or extend the validity period of the bid, if necessary.

6.6.2 Any communication to any State official or a person acting in an advisory capacity for the State in respect of this bid between the closing date and the award of the bid by the bidder is discouraged.

6.6.3 Whilst all due care has been taken in connection with the preparation of this bid, the National Treasury makes no representations or warranties that the content in this bid or any information communicated to or provided to



Initials_____

bidders during the bidding process is, or will be, accurate, current, or complete. The National Treasury, and its officers, employees and advisors will not be liable concerning any information communicated which is not accurate, current, or complete.

6.6.4 If a bidder finds or reasonably believes it has found any discrepancy, ambiguity, error or inconsistency in this bid or any other information provided by the National Treasury (other than minor clerical matters), the bidder must promptly notify the National Treasury in writing of such discrepancy, ambiguity, error or inconsistency to allow the National Treasury to consider what corrective action is necessary (if any).

6.6.5 Any actual discrepancy, ambiguity, error or inconsistency in this bid or any other information provided by the National Treasury will, if possible, be corrected and provided to all bidders without attribution to the bidder who provided the written notice.

6.6.6 All communication between the bidder and the National Treasury TC office must be done in writing as per the Contact Details below.

6.6.7 No representations made by or on behalf of the National Treasury about this bid will be binding on the National Treasury unless that representation is expressly incorporated into the contract ultimately entered between the National Treasury and the successful bidder(s).

6.6.8 All persons (including all bidders) obtaining or receiving this bid and any other information in connection with this bid, or the tendering process must keep the contents of the bid and other such information confidential, and not disclose or use the information except as required for developing a response to this bid.

## 6.7 CONTACT DETAILS

6.7.1 **General: -** National Treasury, Office of the Chief Procurement Officer, Chief Directorate: Transversal Contracting, Private Bag x115, Pretoria, 0001. Physical address: 240 Madiba Street, corner Thabo Sehume and Madiba Streets, Pretoria

6.7.2 **Bid Enquiries: -** All inquiries should be in writing to Demand.Acquisition2@treasury.gov.za. The closing date for receipt of all inquiries is **12 April 2024**. All inquiries beyond the closing date will not be considered.



Initials_____

## 7. PART 3: RECOMMENDATION AND APPOINTMENT OF BIDDERS

7.1 Once the evaluation process is complete there will be a recommendation report by the BEC to the Bid Adjudication Committee (BAC) which has the authority to either support (approve) or not support (not approve) the recommendation/s and appointment/s.

7.2 On approval of the recommendation/s and appointment/s, the successful bidder(s) will sign an appointment letter together with the master transversal agreement for the supply and delivery of radiographic materials of this bid and the unsuccessful bidder(s) will be informed accordingly. The following paragraphs will be applicable when making a recommendation:

### 7.3 Tax Compliance Requirements

7.3.1 It is a condition of this bid that the tax matters of the successful bidder(s) are in order, or that satisfactory arrangements have been made with the South African Revenue Service (SARS) to meet the bidder's tax obligations.

7.3.2 The Tax Compliance status requirements are also applicable to potential foreign bidders/individuals who wish to submit a bid.

7.3.3 Bidders are required to be registered on the Central Supplier Database (CSD) and the National Treasury shall verify the bidder's tax compliance status through the CSD or SARS.

7.3.4 Where Consortia / Joint Ventures / Sub-Contractors are involved, each party must be registered on the CSD, and their tax compliance status will be verified through the CSD or SARS.

### 7.4 Multiple Award

7.3.1 The State reserves the right to award the same item to more than one (1) bidder to address item availability and compatibility. Benchmarking will be applied to ensure that pricing is affordable, market-related and aligned to end-user requirements. The maximum number of bidders per item to be awarded will be at the discretion of BEC.

### 7.5 Negotiations

7.5.1 The State reserves the right to negotiate with the shortlisted bidders before or after the award. The terms and conditions for negotiations will be communicated to the shortlisted bidders before the invitation to negotiations. This phase is meant to ensure value for money is achieved through the measure of quality that will assess the monetary cost of the items or services against the quality and or benefits of that item or services.

### 7.6 Due Diligence

7.6.1 The State reserves the right to conduct due diligence before the final award or at any time during the transversal contract period and this may include pre-announced/ non-announced site visits. During the due diligence process, the information submitted by the bidder will be verified and any misrepresentation thereof may disqualify the bid in whole or parts thereof.

 Initials_____

7.6.2 The State also reserves the right to conduct any evaluation verifications before the final award or at any time during the transversal term contract period.

7.6.3 Where applicable, the BEC reserves the right to subject item samples to applicable clinical evaluations, applications, or tests at any State facility to verify compliance with the technical specifications. This will be arranged with the bidder.

7.7 **Right of Award**

7.7.1 The State reserves its following rights -

7.7.1.1 To award the bid in part or in full,

7.7.1.2 Not to make any award in this bid or accept any bids submitted,

7.7.1.3 Request further technical information from any bidder after the closing date,

7.7.1.4 Verify information and documentation of the bidder(s),

7.7.1.5 Not to accept any of the bids submitted,

7.7.1.6 To withdraw or amend any of the bid conditions by notice in writing to all bidders before closing of the bid and post-award, and

7.7.1.7 If an incorrect award has been made to remedy the matter in any lawful manner it may deem fit.



Initials_____

## SECTION C: CONDITIONS OF CONTRACT

### 8. CONCLUSION OF CONTRACT

8.1 The Contract between National Treasury and the preferred bidder/s (Service Provider) collectively referred to as the Parties shall come into effect after the service provider has been issued with an unconditional letter of acceptance to their bid.

8.2 The Service Provider (s) shall be appointed in terms of this bid. The following will form part of the contract documents between the Parties as far as this RT9-2024 is concerned:

8.2.1 Bid Documents

8.2.2 Letter of Appointment

8.2.3 Award Documents

8.2.4 Acknowledgement letter

8.3 If there is any contradiction between the abovementioned documents, the special conditions of the contract shall take precedence. For Section B, the term “service provider “shall refer to the preferred bidder appointed in terms of the RT9-2024 transversal contract.

### 9. PARTICIPATING STATE INSTITUTIONS

9.1 The following institution will be participating in the contract for RT9-2024:

9.1.1 **Provincial Departments of Health**: Eastern Cape, Free State, Gauteng, Mpumalanga, Northwest, and Western Cape

9.1.2 **Other State Institution:** Department of Correctional Services, Department of Defence and City of Cape Town Municipality

### 10. POST-AWARD PARTICIPATION

10.1 PFMA public institutions listed in Schedules 1, 2, 3A, 3B, 3C, 3D and Local Government may send an application to the National Treasury post-award to request participation in the transversal contract.

10.2 In terms of Treasury Regulation 16A6.5 Accounting Officer/Accounting Authority of National and Provincial departments, constitutional institutions, and public entities listed in schedules 1, 3A, and 3C to the PFMA may opt to participate in a transversal contract facilitated by the relevant treasury.

10.3 Regulation 32 of the Municipal SCM Regulations provides that a Supply Chain Management policy may allow the accounting officer to procure goods or services for a municipality or municipal entity under a contract secured by another organ of the state.



Initials_____

## 11. CONTRACT MANAGEMENT: ROLES AND RESPONSIBILITIES

### 11.1 Contract Administration

11.1.1 The administration and facilitation of the transversal contract is the responsibility of the National Treasury and all correspondence in this regard must be directed to the Transversal Contracting Department via email on **TCcontracts1@treasury.gov.za**

11.1.2 Suppliers must advise the Chief Directorate: Transversal Contracting, National Treasury immediately when unforeseeable circumstances will adversely affect the execution of the transversal contract. Full particulars of such circumstances as well as the period of delay must be furnished.

### 11.2 Supplier Performance Management

11.2.1 Supplier performance management will be the responsibility of the purchasing institution and where supplier performance disputes cannot be resolved between the supplier and the relevant purchasing institution, National Treasury: Transversal Contracting must be contacted for corrective actions.

11.2.2 Supplier performance rating Form (to be provided for by the National Treasury after the bid award) will be instituted, and every supplier must complete it to ensure good performance.

11.2.3 End-user State institutions are required to report to the National Treasury on where supplier's performance is not satisfactory.

11.2.4 Successful suppliers will have their performance scored. National Treasury will provide a template that will be used to measure overall performance in terms of the transversal contract. Suppliers who score an unacceptable performance rating may not be awarded future contracts of the same bid and may have the transversal contract terminated before the end of the transversal contract period.

## 12. CONTRACT PRICE ADJUSTMENT

### 12.1 Formula

12.1.1 Prices submitted for this bid will be regarded as non-firm and may be subject to adjustment(s) in terms of the following formula, defined areas of cost and defined periods.

12.1.2 Applications for price adjustments must be accompanied by documentary evidence in support of any adjustment claim.

12.1.3 The following price adjustment formula will be applicable for calculating contract price adjustments (CPA).



Initials_____

**Table 7: Contract Price Adjustment Formula**

| $$Pa = (1-V)Pt\left(D1\frac{R1t}{R1o} + D2\frac{R2t}{R2o} + D3\frac{R3t}{R3o} + .....+ Dn\frac{Rnt}{Rno}\right) + VPt$$ | | |
|---|---|---|
| Pa | = | The new adjusted price to be calculated |
| V | = | Fixed portion of the bid price (15% or 0.15) |
| Pt | = | Original bid price. Note that Pt must always be the original bid price and not an adjusted price |
| (1-V)Pt | = | Adjustable portion of the bid price (85% or 0.85) |
| D1 – Dn | = | Each factor (or percentage) of the bid price, e.g., material, labour, transport, overheads, etc. The total of the various factors (or percentages) D1 – Dn must add up to 1 (or 100%) |
| R1t – Rnt | = | End Index. Index figure obtained from the index at the end of each adjustment period. |
| R1o–Rno | = | Base Index. Index figure at the time of bidding. |
| VPt | = | 15% (or 0.15) of the original bid price. This portion of the bid price remains fixed, i.e. it is not subject to price adjustment |

12.2 **Formula component definitions**

12.2.1 **Adjustable amount**

12.2.1.1 The adjustable amount is the portion of the bid price which is subject to adjustment. In this bid, the adjustable amount is 85% of the original bid price. For example, if the bid price is R1000, then only R850 will be subject to adjustment.

12.2.2 **Fixed portion**

12.2.2.1 The fixed portion represents those costs that will not change over the adjustment period and do NOT represent the profit margin. In this bid, the fixed portion is 15% of the original bid price. Using the same example as above, it would amount to R150 which will remain fixed over the contract periods.

12.2.3 **Cost components and proportions**

12.2.3.1 The cost components of the contract price usually constitute the cost of materials (raw material or finished product), cost of direct labour, cost of transport and those other costs that are inclined to change. The proportions are the contribution to the contract price of each of these cost components. In this bid, the following cost components will be used to calculate contract price adjustments.

12.2.3.2 Bidders are requested to submit the cost breakdown of the bid price for each item with their bid. Should the cost breakdown be the same for all items on the bid, bidders must indicate it clearly in the bid document.

 Initials_____

12.2.3.3 National Treasury will analyse the cost breakdown submitted by the successful bidders and upon approval, the cost breakdown will be utilized throughout the contract period to process price adjustments applications or process automatic adjustments as per the timeline below.

12.2.3.4 Successful bidders who are direct importers of raw material / finished products can apply for RoE adjustment under cost element D1. If the successful bidder is not a direct importer of raw material / finished product, cost component D1 would not be applicable and only local cost components (D2 - Dn) would be applicable.

**Table 8: Contract Price Adjustment Cost Components**

| Cost Component | % Contribution |
|---|---|
| D1 – Imported Raw Material / Finished product | |
| D2 - Local Raw Material / Finished product (if applicable) | |
| D3 – Labour | |
| D4 – Transport | |
| D5 – Overheads | |
| D6 – Other | |
| **TOTAL (Cost components must add up to 100%)** | **100%** |

12.2.4 **Applicable indices/references**

12.2.4.1 The applicable index refers to the relevant market index, which is a true reflection of price movement(s) in the cost over time. In this bid, the following indices or references will be applicable:

**Table 9: Applicable Indices/References**

| Cost component | Index Publication | Index Reference |
|---|---|---|
| **D1 – Imported Finished product (if applicable);** | Reserve bank ROE publication/ Supplier / Manufacturer invoice(s) and remittance advice.[2] | Documentary evidence to accompany the claim and ROE |
| **D2 - Local Finished product (if applicable):** | Specify (STATS SA Index) | STATS SA Table (Specify) |
| **D3 – Labour** | STATS SA P0141 (CPI), Table E; OR Labour Agreement[3] | Table E - All Items (CPI Headline) OR Labour agreement to be provided/ Regulated Pricing Adjustment |
| **D4 – Transport** | Stats SA P0141 (CPI)<br>Table E | Transport – Other Running Cost |
| **D5 – Overheads** | Specify (STATS SA Index) | STATS SA Table (Specify) |
| **D6 – Other** | Specify (STATS SA Index) | STATS SA Table (Specify) |

[2] *In cases where invoices are supplied as documentary evidence, it is advised that invoices closest to the Base Index date and the End Index date be submitted. It should ideally reflect the adjustment period.*

[3] *In the absence of a labour agreement, the labour cost component will be adjusted with CPI Headline inflation.*



Initials_____

12.2.5 **Base index date**

12.2.5.1 The base index date applicable to the formula is defined as the date at which the price adjustment starts. In this bid, the base index date is **March 2024.**

12.2.6 **End index date**

12.2.6.1 The end index dates are the dates at predetermined points in time during the contract period. In this bid, the end indices are defined in the next paragraph (Price Adjustment Periods).

12.2.7 **Price adjustment periods**

12.2.7.1 Price adjustment shall be applied on an annual basis at the anniversary of the transversal contract from the closing date of the bid.

**Table 10: Price Adjustment Period**

| Adjustment Period | CPA application to reach the office by the following dates | End Index | Dates *from* which adjusted prices will become effective |
|---|---|---|---|
| **1st Adjustment** | 18 April 2025 | February 2025 | 1 June 2025 |
| **2nd Adjustment** | 17 April 2026 | February 2026 | 1 June 2026 |

12.2.8 **Rates of exchange (RoE) – Base and average rates**

12.2.8.1 If material and/or finished products are imported the following will apply:

12.2.8.2 The formula described above will be used and the imported cost component of the bid price (D1) will be adjusted considering the base RoE rate referred paragraph in the below paragraph and the average RoE rate over the period under review indicated in the below paragraph.

12.2.8.3 If the RoE adjustment goes hand in hand with a material/product price increase, the material/product price (in foreign currency) will be converted to South African currency using the base rate for the earlier invoice and the average RoE rate for the period under review as indicated in the paragraph below for the later invoice.

12.2.8.4 The imported cost component (D1) will be adjusted together with all the other cost components indicated in the paragraph above and at the predetermined dates indicated in the paragraph above.

12.2.8.5 The Rate(s) of exchange to be used in this bid in the conversion of the bid price of the item (s) to South African currency is indicated in the table below.



Initials_____

**Table 11:CPA Rate of Exchange**

| Currency Name | Rates of Exchange: 1 September 2023 29 February 2024 |
|---|---|
| **US Dollar** | **18:84** |
| **Euro** | **23:53** |
| **Pound** | **20:29** |

12.2.8.6 Should the bidder make use of any other currency not mentioned above, the bidder is requested to calculate the average for the period **1 September 2023 to 29 February 2024** using the Reserve Bank published rates for the specific currency. Visit www.reservebank.co.za to obtain the relevant rates. Please refer to TCBD 14 (Procedure to download historical exchange rates from the Reserve Bank website) for instructions.

12.2.8.7 Contract price adjustments due to rate of exchange variations are based on average exchange rates as published by the Reserve Bank for the periods indicated hereunder:

**Table 12: Rate of Exchange Average Periods**

| Adjustment | Average exchange rates for the period: |
|---|---|
| **1st Adjustment** | 01 October 2024 to 31 March 2025 |
| **2nd Adjustment** | 01 October 2025 to 31 March 2026 |

12.2.9 **General**

12.2.9.1 Unless prior approval has been obtained from the National Treasury, Transversal Contracting, no adjustment in contract prices will be made.

12.2.9.2 Application for price adjustment must be accompanied by documentary evidence in support of any adjustment.

12.2.9.3 CPA application will be applied strictly according to the specified formula and parameters above as well as the cost breakdown supplied by bidders in their bid documents.

12.2.9.4 If the supplier's CPA application, based on the above formula and parameters, differs from Transversal Contracting verification, Transversal Contracting will consult with the supplier to resolve the differences.

12.2.9.5 Bidders are referred to in the paragraph regarding counter conditions.

12.2.9.6 An electronic price adjustment calculator will be available on request from Transversal Contracting.

12.2.9.7 The State reserves the right to negotiate a price adjustment or not to grant any price adjustment.



Initials_____

## 13. DELIVERY AND QUANTITIES

### 13.1 Delivery Basis

13.1.1 Lead times for delivery shall not exceed eight (8) weeks. Delivery period exceeding the prescribed maximum of eight (8) weeks may be cancelled without notice.

### 13.2 Quantities

13.2.1 No quantities are reflected in this bid as orders will be placed based on an 'as and when required" and no guarantee is given or implied as to the actual quantity/quantities that will be procured during the transversal contract period.

13.2.2 Orders will be placed by participating institutions and they will also be responsible for the payment to Suppliers for the products delivered and/or services rendered.

## 14. DELIVERY ADHERENCE, ORDERS AND PAYMENTS

### 14.1 Orders

14.1.1 Suppliers should note that each purchasing State institution is responsible for generating the order(s) as well as the payment(s) thereof.

14.1.2 Suppliers should note that the order(s) will be placed as and when required during the transversal contract period and delivery points will be specified by the relevant purchasing State institution(s).

14.1.3 The instructions appearing on the official order form regarding the supply, dispatch and submission of invoices must be strictly adhered to and under no circumstances should the Supplier deviate from the orders issued by the purchasing State institutions.

14.1.4 The State is under no obligation to accept any quantity(ies) which is more than the ordered quantity(ies).

### 14.2 Delivery Adherence

14.2.1 Delivery of items must be made as per the instructions appearing on the official purchase order forms issued by purchasing State institutions.

14.2.2 All deliveries or dispatches must be accompanied by a delivery note stating the official order number against which the delivery has been affected.

14.2.3 In respect of items awarded, Suppliers must adhere strictly to the delivery lead times quoted in their bids.

14.2.4 Deliveries not complying with the purchase order forms will be returned to the Supplier(s) at the Supplier's expense.



Initials_____

## 15. ITEM ADHERENCE / SUBSTITUTION

15.1.1 In the event where a bidder offers a specific brand against an item and the item is subsequently awarded to the bidder, it is required of the successful bidder to continue to supply the brand awarded throughout the contract period.

15.1.2 In the event that the model/brand is discontinued and or replaced with a new model, National Treasury, Transversal Contracting must be notified of such an occurrence and upon approval, an official amendment will be issued. The supplier is required to submit supporting documents from the manufacturer substantiating the changes.

15.1.3 It must be noted that the new model/ brand will be required to undergo the evaluation process prior to receiving approval of the model change issued by National Treasury. The new model must adhere to the technical specification for the item.

15.1.4 Furthermore, suppliers are to take note that the price of the new model should not be higher from the current contract price of the original model.

15.1.5 Suppliers are not allowed to deliver a new models/brand other than the model/brand awarded to them prior to an approval of model/brand change from National Treasury.

15.1.6 National Treasury reserve the right not to approve any model change applications.

## 16. CONTINUITY OF SUPPLY

16.1 The supplier must maintain sufficient stock to meet demand throughout the contract and inform the National Treasury at first knowledge of any circumstances that may result in interrupted supply, including but not limited to:

16.1.1 Industrial action,

16.1.2 Manufacturing Pipeline

16.1.3 Any other supply challenges.

16.2 In terms of the General Conditions of Contract and Special Requirements and Conditions of Contract, the Department of Health reserves the right to purchase outside of the contract to meet its requirements if:

16.2.1 The contracted supplier fails to perform in terms of the contract.

16.2.2 The item(s) are urgently required and not immediately available;

16.2.3 In the case of an emergency.

## 17. PACKAGING AND LABELLING

17.1 **General**

17.1.1 Container-closure systems/packaging must preserve the stability and quality of the product during transport and storage for the duration of the shelf-life, including in-use shelf-life, where applicable. In some cases, child-



Initials_____

resistant container-closure systems maybe required as an enhanced safety feature.

17.1.2 Bidder must demonstrate the suitability of the container-closure system used for the storage, transportation (shipping) and use, such as compatibility of the materials of construction with the product, including sorption to container and leaching.

17.1.3 Container-closure systems must be tamper-evident i.e. it should be possible to know if the product has been altered or falsified.

17.2 **Primary Packaging**

17.2.1 Materials used for primary packaging must conform to the relevant packaging standards with reference to the specific product; must be safe for use for the intended route of administration; and be suitable for shipment, storage and worldwide use at extreme temperatures and humidity.

17.2.2 The size of the container must be proportional to its content with the addition of appropriate padding to prevent damage to the product during shipment.

17.2.3 Primary packaging must bear appropriate labels providing content and usage information.

17.3 **Dose measurement and dose delivery devices**

17.3.1 A dose measurement and dose delivery device are required to be included with the container-closure system for administration of all powdered products.

17.3.2 Dose measuring devices must be graduated in intervals to allow accurate measurement of all doses approved for that product.

17.3.3 The dosage scales/volumes embossed on dose measurement devices must be in METRIC units. The use of teaspoonful and other such measurements is not acceptable.

17.3.4 For oral liquids or powders for oral liquid, supplier is required to submit study results on request by the department that confirm the suitability of the container-closure system contact materials and this should also include extraction studies and interaction studies (migration/sorption). The department reserves the right to request these studies.

17.3.5 For a device accompanying a multi-dose container, the results of a study may be requested by the department demonstrating the reproducibility of the device (e.g. consistent delivery of the intended volume). A description of the container-closure systems should also be provided, including the identity of materials of construction of each primary packaging component (including those used for product delivery) and its specification.

17.4 **Secondary packaging**

17.4.1 A pack component normally not in direct contact with the product.

17.4.2 The Department accepts secondary packaging that is functional i.e. adds protection to that provided by the immediate primary pack against:

17.4.3 Excessive moisture and reactive gases, e.g., fibre drums, HDPE bottles for products which are immediately

 Initials_____

packaged with LDPE bag.

i. Light, e.g. carton outside PVC/Alu blister;
ii. Microbial and dirt contamination.
iii. Rough handling during transport and storage.
iv. Secondary packaging may also be acceptable if they provide a means to contain summary of product characteristics/patient information leaflets and/or dosing devices.

17.5 **Packaging to improve Supply Logistics efficiency and for sustainability.**

17.5.1 In addition to protecting and providing information to support product usage, packaging should:

17.5.2 Improve supply logistics and operational efficiency at minimal costs.

v. Ensure user-friendliness and support patient compliance.
vi. Maintain safety and minimize usage errors.
vii. Be tamper-proof and/or tamper evident.
viii. Make product handling easier and efficient.

17.5.3 Enable traceability and supply chain safety e.g., incorporate Track-and-Trace systems that assure chain of custody and/or anti-counterfeiting measures.

17.5.4 In line with sustainable procurement efforts, bidders are asked to consider eliminating non-functional secondary/tertiary packaging WITHOUT compromising the integrity of the product and while still ensuring that sufficient product information to health professionals and patient is available together with the product.

17.5.5 Individual packages (except for a tin, a can, tetra pack, or bottle) for powdered products must be hermetically sealed package which is re-sealable (e.g. zip lock) when the product has been opened.

17.5.6 Already to use infant formulas must have screw cap ab for sterility and ease of pouring.

17.5.7 It will be preferable for all paediatric and adult ready to use sip drinks to have screw caps.

17.5.8 Already to Hang feeds to have ports that are compatible with Universal 3 in one pump giving sets or sets that are have double usable bottle connector.

17.5.9 All sip feeds and supplemental drinks to be provided in assorted flavours.

17.6 **Labelling**

17.6.1 All containers, packing and cartons must be clearly labelled. Bulk packs must be labelled in letters not less than font size 48.

17.6.2 The following information must be clearly and indelibly printed on all shelf and shipper packs, including any part boxes packaging in at least English language:

**Table 13: Labelling Details**

| # | Details |
|---|---|
| **1.** | Proprietary name (if applicable) |
| **2.** | Name of the product |
| **3.** | A Product code as relevant |

 Initials_____

| # | Details |
|---|---|
| **4.** | The trade name or trademark of the manufacturer |
| **5.** | Size of the product |
| **6.** | Quantity of the contents |
| **7.** | Name of manufacturer |
| **8.** | Date of manufacture |
| **9.** | Name and address of importer/distributor (if not manufacturer) |
| **10.** | Expiry date (Where applicable) |
| **11.** | Batch/lot number. Products must have the same batch/lot number on the outer box as on the inner box. |

## 18. SHELF LIFE AND STORAGE

18.1 Shelf-life should be established based on complete long-term data at 30°C ±2°C/75% RH ±5% RH (zoneIVb).

18.2 The manufacture and expiry date that reflects the assigned shelf-life and recommended temperature storage conditions MUST be written on labels and should be included in package inserts/patient information leaf-lets.

18.3 Manufacture and expiry dates and the storage conditions must be consistent on the label, in the pack-age inserts/patient information leaflets and throughout the submitted documentation.

18.4 Statements such as “Store at room temperature” or “This product does not have special storage requirements” are not acceptable; The ACTUAL numerical temperature storage conditions MUST be specified.

18.5 **In-use shelf-life:** manufacturer MUST indicate storage conditions and shelf-life after reconstitution/ dilution/ opening, where applicable, such as powder for oral liquid.

18.6 Bidder is responsible to include additional labelling requirements such as “Do not freeze”, “Protect from light”, “Store and transport in dry conditions” all external packaging.

18.7 Upon delivery, powdered products must have at least 9 months’ shelf-life and liquid products, 6 months’ shelf life before the date of expiry or best before date.

18.8 Contractors may make written applications to the purchasing institution to deliver goods with a shorter shelf-life, provided such applications are accompanied by an undertaking that unused short- dated stock shall be unconditionally replaced before or after expiry.

18.9 Any delivery of short-dated supplies without prior written approval must be collected by the respective suppliers at their own cost.

18.10 Any participating institution may, without prejudice, decline written applications to deliver short-dated stock.



Initials_____

## 19. ASSIGNMENTS AND CESSIONS OF CONTRACTS AND CHANGES IN CONTACT DETAILS

19.1 Where a contracted supplier plans to merge with or is going to be acquired by another entity, the contracted supplier must inform the National Treasury in writing 90 days before such event of relevant details.

19.2 **Assignments of Contract**

19.2.1 Assignment of contract refers to the transfer of rights and obligations in a contract from an assigned to an assignee. The effect of this is that the service provider appointed through a competitive bidding process transfers the contract in its entirety that is, the obligation (the responsibility of rendering the services) and the right (of receiving payment for service rendered) to a third party that did not participate in the bidding process or a bidder that participated in the bidding process but was not successful.

19.2.2 Assignment of contracts is therefore not allowed as it will be contrary to principles of section 217 of the Constitution particularly, fairness, transparency, and competitiveness.

19.3 **Cession of Contracts**

19.3.1 Cession refers to the transfer of only the rights a service provider has in terms of a contract from it to a third party. cession will be limited only to those cession agreements in favour of registered Financial Services Providers (FSP) and state institutions established for the express purpose of providing funding to businesses and entities (State Institutions).

19.3.1.1 The written request for cession must be by the service provider and not a third party, and the written request by the service provider must be accompanied by the cession agreement.

19.4 **Changes in the Service Provider Contact Details**

19.5 A contracted supplier must inform the National Treasury within 14 days of any changes of address, name, and or contact details.

## 20. POST-AWARD PRODUCT COMPLIANCE PROCEDURES

20.1 Suppliers must ensure that the product confirms with the technical specification and its relevant quality standards throughout the contract period. Where the is a justified concern regarding the quality of the product, the State reserve the right to request the supplier (at its own cost) to submit a product for testing to confirm compliance with the relevant item technical specification and requirements at the SANAS accredited institution.

20.2 The State reserve the right to conduct any sample or site inspection directly or through a third party appointed by the state.



Initials_____

## 21. REGISTRATION ON DATABASES OF PARTICIPATING INSTITUTIONS

21.1 Suppliers must ensure continuous compliance with all statutory requirements which may affect their complying status on the Central Supplier Database managed by the National Treasury.

21.2 All suppliers must ensure registration on all participating institutions within 30 days of accepting the award.

21.3 Suppliers must ensure that they register with all the participating institutions the items that they have been awarded in the contract. Suppliers must take note that the participating institutions have different systems that they use internally to capture awarded contract information including that of awarded suppliers

21.4 Failure to meet this requirement will result in an inability to process orders and payments for goods.

## 22. MONITORING

22.1 Monitoring audits may be conducted periodically and randomly by the National Treasury, Provincial Health Departments, and the National Department of Health or by a service provider appointed by the State to determine continuous compliance with the product and terms of the contract. The Participating Institutions, will monitor the performance of contracted suppliers and maintain a report for compliance with the terms of this contract as follows:

22.1.1 Compliance with delivery lead times

22.1.2 Percentage of orders supplied in full first time

22.1.3 Compliance with reporting requirements according to reporting schedule.

22.1.4 Attendance of compulsory meeting: The National Treasury compulsory meetings with suppliers to review supplier performance. The schedules of the meetings will be sent to successful bidders.

22.2 The state may conduct a random audit(s) with or without prior appointment arrangements with the appointed Supplier(s).

22.3 The National Treasury will conduct meetings with the Participating Institutions and Suppliers to discuss transversal contracting issues.

22.4 The National Treasury may request Participating Institutions to impose penalties, where deemed necessary, as per Sections 21 and 22 of the General Conditions of Contract.

22.5 Any change in the status of supply performance during the contract period must be reported within seven (7) days of receipt of such information to the National Treasury.

22.6 Reporting and Supplier(s) meetings will be on a six-monthly basis and will be scheduled post-award.

22.7 All successful Suppliers are required to submit historical value and volume reports via e-mail every quarter to: TCcontracts1@treasury.gov.za

22.8 Detailed reporting requirements from Suppliers will be provided to awarded Suppliers.



Initials_____

## 23. REFORMULATION OF PRODUCT AWARDED

23.1 It is required of the successful bidder to continue to supply the brand awarded throughout the contract period.

23.2 Contractors are not allowed to deliver a different product other than the product awarded to them prior to an approval of product change from National Treasury, Transversal Contracting.

23.3 In the event that the product is reformulated, bidders must submit an application to National Treasury, Transversal Contracting to consider the reformulated product. The application and evaluation dates applicable are as follows:

**Table 14: Product Change Application Dates**

| Submission Date | Conclusion of the Evaluation |
|---|---|
| 1-12 December 2025 | 31 March 2026 |
| 1 - 14 June 2026 | 30 September 2026 |
| 1 – 11 December 2026 | 31 March 2027 |

23.4 All supporting documentation related to the change must be submitted to National Treasury with the application. The following are required with application:

a) Application letter – with reasons for reformulating
b) Submit all relevant documents indicated in the technical evaluation phase stipulated under section 5.3 above.
c) Samples for the relevant products

23.5 The State reserve the right not to accept any product change due to reformulation. No re-evaluation will take place without all necessary documentation. All documentation must be submitted ONCE and will not be accepted in PARTS within the specified period above.

## 24. CHANGE OF MANUFACTURER / MANUFACTURING PREMISES

24.1 Contractors must inform the National Treasury, Transversal Contracting with a 6 months' written notification prior to change of manufacturer or manufacturing premises.

24.2 Contractors are not allowed to manufacture a product at a new manufacturing premises or utilise the new manufacturer prior being issued with an approval letter from National Treasury.

24.3 The new manufacturer must comply to all relevant requirements stipulated on technical requirements paragraph on the Special Condition of Contracts.

24.4 National Treasury reserve the right not to accept the request to change the manufacturing premises or a new manufacturer should there be no justifiable reasons to do so.



Initials_____

## 25. TERMINATION

25.1 The State shall be entitled to terminate this agreement if one or more of the following occur: –

25.1.1 The Supplier decides to transfer the contract or cede the contract.

25.1.2 The supplier does not honour contractual obligations including the submission of information.

25.1.3 The supplier is provisionally or finally liquidated, making it impossible for the supplier to perform its functions in terms of this transversal contract.

25.1.4 The supplier enters settlement arrangements with their creditors.

25.1.5 The supplier commits an act of insolvency.

25.1.6 If the supplier is a member of an unincorporated joint venture or consortium and the membership of such joint venture or consortium changes.

25.1.7 There is a change in ownership of the supplier that has the effect that over 50% ownership of the Supplier belongs to the new owner without prior written approval of the State.

25.1.8 Overall poor performance rating during the contract period

**END**



Initials_____