



GOVERNMENT GAZETTE

OF THE

REPUBLIC OF NAMIBIA

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General Notice

No. 160

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TENDER BOARD OF NAMIBIA

PREFERENCES

It is the policy of the Government of the Republic of Namibia to encourage Namibian industries and commercial interest. As from the date of the publication hereof the Board will, therefore, in comparing tenders received, give effect to this policy by adopting the following preferences as a guide to be applied in its discretion, according to the circumstances in each case: -

- (a) **Goods produced or manufactured in the Republic of Namibia**
- (i) 2 per cent - if the goods produced or manufactured have a local content, in relation to the tender price, of less than 5 per cent;
 - (ii) 4 per cent - if the goods produced or manufactured have a local content, in relation to the tender price of 5 per cent and more but less than 10 per cent;
 - (iii) 6 per cent - if the goods produced or manufactured have a local content, in relation to the tender price, of 10 per cent and more but less than 20 per cent;
 - (iv) 8 per cent - if the goods produced or manufactured have a local content, in relation to the tender price of 20 per cent and more but less than 30 per cent;
 - (v) 10 per cent - if goods produced or manufactured have a local content, in relation to the tender price, of 30 per cent and more but less than 40 per cent;
 - (vi) 12 per cent - if the goods produced or manufactured have a local content, in relation to the tender price, of 40 per cent and more but less than 50 per cent;
 - (vii) 14 per cent - if the goods produced or manufactured have a local content, in relation to the tender price, of 50 per cent and more but less than 60 per cent;
 - (viii) 16 per cent - if the goods produced or manufactured have a local content, in relation to the tender price, of 60 per cent but less than 70 per cent;
 - (ix) 18 per cent - if the goods produced or manufactured have a local content, in relation to the tender price, of 70 per cent but less than 80 per cent;

- (x) 20 per cent - if the goods produced or manufactured have a local content of 80 per cent and more of the tender price.

(b) **Goods assembled in the Republic of Namibia**

- (i) 1 per cent - if the goods assembled have a local content, in relation to the tender price, of less than 5 per cent;
- (ii) 2 per cent - if the goods assembled have a local content, in relation to the tender price of 5 per cent and more but less than 10 per cent;
- (iii) 3 per cent - if the goods assembled have a local content, in relation to the tender price, of 10 per cent and more but less than 20 per cent;
- (iv) 4 per cent - if the goods assembled have a local content, in relation to the tender price of 20 per cent and more but less than 30 per cent;
- (v) 5 per cent - if the goods assembled have a local content, in relation to the tender price, of 30 per cent and more but less than 40 per cent;
- (vi) 6 per cent - if the goods assembled have a local content, in relation to the tender price, of 30 per cent and more but less than 40 per cent;
- (vii) 7 per cent - if the goods assembled have a local content, in relation to the tender price, of 50 per cent and more but less than 60 per cent.
- (viii) 10 per cent - if the goods assembled have a local content of 60 per cent and more of the tender price.

- (c) **Services rendered by persons, companies or partnerships domiciled or registered in the Republic of Namibia**
- (i) 5 per cent - to persons, companies or partnerships registered in Namibia on services offered when comparison is being made with companies from outside Namibia;
 - (ii) 5 per cent - to persons, companies or partnerships granted a Certificate of Status Investment in terms of the Foreign Investment Act, 1990 (Act no. 27 of 1990).
- (d) **Bona fide Namibian dealers or Merchants who are stockholders of goods:**
- (i) 5 per cent - on imported goods offered from stocks already in the Republic of Namibia applicable only when comparison is being made with goods to be imported.
- (e) **After Sales Service:**
- (i) 3 per cent to bona fide Namibian dealers or merchants where an after sales service is required in respect of goods to be imported.
- (f) **Goods conforming to any National or International Standard Specification**
- (i) 3 per cent - to goods conforming to a national or international standard specification.
- (5) A tenderer is not limited to preference on one basis only. If the supply in question qualifies for preference on more than one basis all such preferences may be granted to the tenderer. The different percentages which are granted, are added up and the

total is calculated on the tender price. For the purpose of consideration of the tender the preference thus calculated is subtracted from the contracted price.

DEFINITION OF GOODS PRODUCED OR MANUFACTURED IN NAMIBIA

1. "Goods produced or manufactured in the Republic of Namibia" means when at least 25 % of the manufacturing cost of these goods, which shall constitute local content as determined in this Code, as represented by materials produced and direct labour performed and the last process in the manufacture of those goods has taken place in Namibia: Provided that -
 - (a) the last process of manufacture is substantial and sufficient to change the nature of the product and give it new, essential and distinct characteristics and it was performed in a firm equipped for that purpose;
 - (b) the final product represents a completely new product or at least an important state in the manufacturing process;
 - (c) each type of article or set shall qualify separately in its own right.

2. The following operations shall not be regarded as manufacturing:
 - (a) Packaging, bottling, placing in flasks, bags, cases, boxes, fixing on cards or boards and all other simple packing operations.

 - (b) (i) Assembling, where this involves the construction of an article by putting together finished components which may require slight modifications such as painting or trimming before assembling. Such assembling can involve glueing, screwing, nailing, sewing and minor welding and riveting operations, with or without the addition of local

parts or components of minor importance such as screws, nuts and bolts.

- (ii) Simple mixing or blending of imported ingredients which does not result in the formation of a different product.
- (c) Operations to ensure the preservation of merchandise in good condition during transportation and storage such as ventilation, spreading out, drying, freezing, placing in brine, sulphur-dioxide or other aqueous solutions, removal of damaged parts and cleaning and similar operations.

DEFINITION OF LOCAL CONTENT

1. "Local Content" in relation to goods manufactured in Namibia means such percentage of the manufacturing costs of such goods in their finished conditions as is represented by the cost of:
 - (a) any materials which were grown, produced or manufactured in the country concerned and which were used in the manufacture of goods, and
 - (b) the direct labour involved in the manufacture of the goods.
2. In the calculation of these costs of materials produced and direct in Namibia, only the following items may be included:
 - (a) the cost of local materials, including the cost of waste materials lost in the process of manufacture, as represented by their delivered price at the factor and used directly in the manufacture of such good.

Where materials which are not wholly produced in Namibia are used directly in the manufacture, such goods will count to the extent of their prorated local content.

Locally manufactured materials or components which have been temporarily exported for further manufacture shall on return to the country of final manufacture be taken as 100 % imported content for the purposes of calculating local content.

The following, inter alia, shall not be regarded as direct materials: water (provided it is not part of the finished product), electricity, consumable items, items for staff benefits such as tea, protective garments and uniforms.

(b) The cost of labour directly employed in the manufacture of such goods, where in addition to the wages and salaries paid direct labour, the following costs will be included in the calculation of direct labour costs:

- (i) leave except cash in lieu of leave;
- (ii) salaries for foremen and supervisors related to the manufacturing processes;
- (iii) overtime payment at normal rates; and
- (iv) incentives and bonus if pre-determined.

The term "direct labour" shall be taken to refer to those procedures applied to the input materials from which the product is manufactured from the time they first come into the hand of the work force which actually manufacture the product to the time the finished article is put in retail package. It excludes such functions as design, pattern making, dye making.

The following shall, inter alia, be excluded from "direct labour costs": pensions contributions, overtime payments at above normal rates, cash in lieu of leave, maintenance costs, incentive bonus not determined, the portion of salaries of foreman and supervisors not related to the manufacture process, fringe benefits, business overheads, administration expenses and salaries, or profit.

3. (a) The manufacturing cost of goods shall be calculated in accordance with the cost arising from normal business practices, operating procedures and levels of production in the industry concerned as incurred over a period of not less than three months, such cost of the goods in their finished condition based on factual costs, charges and expenses incurred in their manufacture, including the cost of putting the goods up in their packages and the cost of such retail package: Provided that, if in the opinion of the verifying authority, any cost, charge or expense has not been incurred by the manufacturer at the normal open market price, the verifying authority may assess the amount of that cost, charge or expense on the basis of one normal open market price, and the manufacturing cost shall be calculated in accordance with that assessment.
- (b) For the purposes of determining the local content of any goods manufactured either wholly or partly for locally produced or manufactured materials or components, the local content of such locally produced or manufactured materials or components shall be determined and apportioned as herein provided.
- (c) For the purposes of determining the local content of any goods manufactured either wholly or partly from imported materials, the origin of any charges incidental to the delivery of the imported materials shall be deemed to be that of the imported materials.

- (d) Any information which the verifying authority may require for the purpose of ascertaining the local content of the manufacturing cost of any goods shall be provided in such form and certified in such manner as may be agreed by the parties involved to ensure accuracy and clarity.

4. The following costs, charges and expenses shall be included in the manufacturing cost of the goods:

- (a) The cost of imported materials, including the cost of waste materials lost in the process of manufacture, as represented by the landed cost of those materials at the factory, including any charges incidental to the delivery of such materials to the factory but excluding any duty thereon paid by the manufacturer: Provided that the cost of imported materials not imported by the manufacturer shall be the delivered price at the factory;
- (b) The cost of the local materials, including the cost of the waste materials and materials lost in the process of manufacture, as represented by their delivered price at the factory;
- (c) the cost of direct labour as represented by the wages paid to the operatives responsible for the manufacture of the goods as qualified herein;
- (d) the cost of direct manufacturing expenses as represented by:
 - (i) the operating costs of the machines used to manufacture the goods;
 - (ii) the expenses incurred in the cleaning, drying, polishing, pressing or any other process, as may be necessary for the finishing of the goods;

- (iii) the cost of cutting the goods up in their retail packages and the cost of such retail packages but excluding any extra cost of packing the goods for transportation or export and the cost of any extra package.
- (e) **manufacturing overhead costs, as represented by:**

 - (i) rent, rates and insurance charges directly attributable to the factory;
 - (ii) indirect labour charges, including salaries paid to factory managers, wages paid to foreman, examiners and testers of the goods and fees paid to efficiency advisers;
 - (iii) power, light, water and other service charges directly attributed to the cost of the manufacture of the goods;
 - (iv) consumable stores, including minor tools, grease, oil and other incidental items and materials used in the manufacture of the goods;
 - (v) depreciation and maintenance of factory building, plant, machinery, tools and other items used in the manufacture of the goods;
 - (vi) the cost of food supplied to factory workers, Workmen's Compensation, insurance and contributions to manufacturers' association.

5. The following costs charges and expenses shall be excluded from the manufacturing cost of the goods:

(a) administration expenses as represented by:

(i) office expenses, office rent and salaries paid to accountants, clerks, managers and other executive personnel;

(ii) director's fees, other than salaries paid to directors who act in the capacity of factory managers;

(iii) statistical and costing expenses in respect of the manufactured goods;

(iv) investigation and experimental expenses;

(b) selling expenses as represented by:

(i) the cost of soliciting and securing of orders including such as expenses as advertising charges and agents or salesmen's commission of salaries;

(ii) expenses incurred in the making of designs, estimates and tenders;

(c) distribution expenses, other than those provided for in paragraph (a) or (b), as represented by all the expenditure incurred after the goods have left the factory including:

- (i) the cost of any materials and payment of wages incurred in the packaging of the goods for export;
- (ii) warehousing expenses incurred in the storage of the finished goods;
- (iii) the cost of transporting the goods to their destinations;
- (d) charges not directly attributed to the manufacture of the goods, including:
 - (i) any duty paid on the imported raw materials;
 - (ii) any excise duty paid on raw material produced in the country where the finished goods are manufactured;
 - (iii) any royalties paid in respect of patents, special machinery or designs.

DEFINITION OF A BONA FIDE NAMIBIAN DEALER OR MERCHANT

A bona fide Namibian dealer or merchant is regarded as someone who -

- (a) is in possession of a general dealer's licence at the time of tendering; or
- (b) is in possession of a wholesaler's licence and who holds resonable stock at hand; or
- (c) is a registered Namibian company.