



Public Procurement Regulatory Authority

Guidelines

For

**Procurement of Capital Equipments, Materials,
Products and Related Services for Development of
Industries**

PPRA

October, 2017

**Further information may be
obtained on www.ppra.go.tz**

PART I: BACKGROUND INFORMATION	
1. Background	<p>1.1. The Government of the United Republic of Tanzania has embarked on industrialization initiatives that aim to take the country to the middle income economy come 2025. In order to achieve this initiative, various strategies are in place to ensure promotion of industries by both private and public sectors. In line with that context, various Procuring Entities (PEs) have started showing interest in investing on new industries and developing the defunct ones in the Country. Hence there are prospects of industrial capital intensive procurement of services and goods like machineries, spare parts and raw materials.</p> <p>1.2. On that basis, procurement of these capital intensive goods and services may lead to large expenditures of government financial resources. For that matter, this necessitates the Authority to develop guideline for procurement of industrial machineries, spare parts and materials and their related services.</p> <p>1.3. Section 106 of the Public Procurement Act Cap 410 requires the Authority to issue guidelines from time to time for the better carrying out of the objectives or any functions under this Act.</p>
PART II - PRELIMINARY	
2. Short Title	2.1. This document may be cited as the Guidelines for Procurement of Capital Equipment, Materials, Products and Related Services for development of industries.
3. Application	3.1. This guideline shall apply to PEs undertaking procurement of capital equipment, materials, products and related services for development of industries.
4. Definitions	<p>4.1. In these Guidelines, unless the context requires otherwise;-</p> <p style="padding-left: 40px;">“Authority” means the Public Procurement Regulatory Authority.</p> <p style="padding-left: 40px;">“Procuring Entity” means a public body and any other body, or unit established and mandated by government to carry out public functions;</p>

	<p>“tenderer” means any natural or legal person or group of such persons participating or intending to participate in procurement proceeding with a view to submitting a tender in order to conclude a contract and includes a supplier, contractor service provider or asset buyer;</p> <p>“Machinery” means a piece of equipment which has moving parts and, usually, some kind of drive unit.</p> <p>“Related Services” all services related to installation, commissioning, operation and maintenance.</p> <p>“Spare parts” means replaceable component, sub-assembly and assembly identical to and interchangeable with the item it is intended to replace Or a duplicate part to replace a lost or damaged part of a machine</p> <p>“Factory” means any building or place, and any machinery or plant therein or thereon, intended to be used or is used for manufacture.</p> <p>“Industry” means any factory in which ten or more workers are employed on any day.</p> <p>“Capital” means all cash contribution, plant, machinery, equipment, buildings, spare parts, and other business assets other than goodwill which are not consumed in the regular operations of the business and have a life of more than twelve months.</p> <p>“investment” means the creation or acquisition of new business assets and includes the expansion, restructuring or rehabilitation of an existing business enterprises.</p>
<p>5. Purpose of the Guideline</p>	<p>5.1. General Purpose</p> <p>The general purpose of this guideline is to guide public bodies on appropriate provisions of procurement legislations and procedures during the procurement of machineries, spare parts and materials during the investment of new industries and</p>

	<p>development of the defunct ones. This guideline does not cover construction works of industrial buildings.</p> <p>5.2. Specific Purpose</p> <p>Specific purpose of this guideline is to:</p> <ul style="list-style-type: none"> a) Provide guidance on appropriate provisions of the Legislations which govern the procurement of capital equipment, materials, products and related services. b) To ensure consistency in the application of procurement procedures and practices; c) Increasing transparency, efficiency and effectiveness of the bidding process; and d) To enhance procurement of inputs for efficient implementation of industrialization initiatives.
PART III - APPROPRIATE PLANNING	
6. Establishment of Requirements	<p>6.1 PEs shall, when identifying capital equipments, material, products and related services for their industrial development, consider the following factors:</p> <ul style="list-style-type: none"> a) Entity's Strategic Plan; b) Feasibility study; c) Preliminary planning of the project; d) Budget; e) Use of correct official statistics; f) Involvement of key stakeholders; g) Involvement of users; and h) Technical specifications and designs.
7. Procurement Planning	<p>7.1 PEs wishing to procure capital equipment, materials, products and related services for development of industries shall ensure that those procurable items have been included in their approved Annual Procurement Plans (APP) which has been approved by budget approving authority.</p> <p>7.2 Where the procurement requirements are not in the approved APP, a written approval of the accounting officer shall be sought prior to commencement of procurement.</p>

	<p>7.3 In line with Regulation 69(9) of GN 446 of 2013, approval of the accounting officer shall be obtained either by inclusion of that procurement in the APP or by request as an individual item of procurement when not included in the APP.</p> <p>7.4 Taking into consideration of complexity and high value involved in procurement of machineries, spare parts, materials, products and related services, PEs should prepare a separate APP which is more detailed and mitigate risks involved.</p>
8. Commitment of Fund	<p>8.1 PEs shall ensure that funds have been allocated or committed before commencing procurement of machineries, spare parts and materials.</p> <p>8.2 PEs may commence procurement proceedings for scheduled or routine activities if they are certain on funds availability in its budget for such activities.</p> <p>8.3 The commitments of funds shall be recorded against the allocated funds before any contract is signed.</p>
9. Specification of Requirements	<p>9.1 PEs shall be required to prepare specifications for capital equipment, materials, products and related services before commencement of the procurement.</p> <p>9.2 When developing specifications for machineries, spare parts, materials, products and related services, PEs shall take into considerations of the technical, functional and performance specifications.</p> <p>9.3 Specification should be functional i.e. describing the equipment in terms of its intended function and the required level of performance, rather than by a generic description or brand name. It should be concise, but sufficiently detailed to enable bidders to take all costs into account, and also to offer alternative solutions.</p> <p>9.4 In particular specifications should:</p> <ul style="list-style-type: none"> a) state the criteria for acceptance of the equipment; b) abide by international and national quality requirements; c) include health and safety requirements; d) if brand names are unavoidable, qualify these by adding “or equivalent” and

	<p>e) conform with approved standards.</p> <p>9.5 PEs shall ensure that these technical specifications for the machineries, spare parts, materials, products and related services are included in the appropriate standard tendering document for approval by relevant tender board before commencement of the procurement.</p> <p>9.6 Where PEs does not have expertise in the initiation of industrial requirements, it shall ensure that Transaction Advisor is in place to guide them throughout the process.</p>
10. Established and approved Standards	<p>10.1. PEs must ensure that the procurement conducted conforms to the established and approved standards. Where such standards are not available, no reference to the particular standards shall be made and prior approval from the Authority shall be sought prior to commencement of procurement.</p> <p>10.2. The Minister responsible for approving standards for certain goods to be used by Government shall be responsible for establishment and approval of such standards and be made available to the Authority for use by PEs.</p> <p>10.3. The established and approved standards for procurement of Capital Equipments, Materials, Products and Related Services for Development of Industries shall be issued by the Minister responsible for Works or for use by PEs.</p>
PART IV – TENDERING PROCESSES	
11. Open tender advertisement	11.1. An advertisement relating to open tender under this guideline shall state that such tender is open to all interested eligible bidders.
12. Procurement to be Competitive	12.1. Procurement of machineries, spare parts and materials shall be conducted on a competitive procedure to ensure efficiency, economy, effectiveness, transparency in order to achieve the best value for money.
13. Framework contracts	13.1. Procuring entities shall make use of framework agreements wherever appropriate to provide an efficient, cost effective and flexible means to procure machineries, spare parts and materials that are required

	<p>repeatedly or continuously over a set period of time.</p> <p>13.2. In the event the there is a breakdown of machinery or parts the PE is advised to make use of Framework agreements entered with selected suppliers to procure the parts and the associated services.</p>
14. Procurement Procedures	<p>14.1. Methods and procedures to be used during the procurement of Capital Equipment, Materials, Products and Related Services for development of industries are the same as those provided in the PPA and PPR.</p> <p>14.2. Subject to Section 38 (f) and 33 (1)(d) of PPA 2011 as amended in 2016, the PMU shall propose the procurement procedure/method and tender board shall approve it respectively.</p>
15. Emergency Procurement	<p>15.1. In the event where there is a need for procurement of machineries, spare parts and materials under emergency, PEs shall be guided by the provisions of Section 65 of the Act and Regulations 63 of GN 446 of 2013 and 333 of 2016;</p> <p>15.2. Notwithstanding provisions of paragraph 15.1 above, PEs shall in all emergency cases follow the guidelines for carrying out emergency procurement which have been issued by the Authority.</p>
PART V: MONITORING BY AUTHORITY	
16. Monitoring by Authority	<p>16.1 The Authority will be responsible to monitor the procurement of industrial machineries, spare parts, materials and their related services.</p> <p>16.2 To accomplish its monitoring roles, PEs shall furnish to the Authority the details of information that led to the decision of the procurement of Capital Equipment, Materials, Products and Related Services for development of industries.</p>