



**NATIONAL WATER AND SEWERAGE  
CORPORATION**

**KAMPALA WATER**

**BRANCH PERFORMANCE CONTRACTS**

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**REQUEST FOR BIDS**  
**(BUSINESS PLANS AND/OR EXPRESSIONS OF INTEREST)**  
FOR  
BRANCH MANAGERS  
UNDER  
KW - BRANCH PERFORMANCE CONTRACTS

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*JULY 2006*

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## **SECTION I. INVITATION FOR BIDS**

The NWSC-Head Office has procured a two year (i.e. July'06 to June'08) Internally Delegated Area Management Contract (IDAMC) – Phase II with the Partnership of Kampala Water (KW) and this is in line with the NWSC Corporate Strategy. Under the IDAMC Phase II Framework, KW is required to ensure continued decentralization of functions to the Branches in an efficient and effective manner.

Accordingly, Kampala Water (KW) intends to procure Phase II of the Branch Performance Contracts (BPCs). The BPCs are intended to become effective from 1<sup>st</sup> August 2006. The BPCs are for the seven Branches and Two Sub-Branches of KWSSA, which include the following: Branch1 (City Centre), Branch2 (Nsambya-Kansanga etc), Branch3 (Najjanankumbi), Branch4 (Bwaise, Bakuli), Branch5 (Ntinda), Branch6 (Kitintale, Kireka), Branch8 (Nateete), Branch9 (Nansana Sub-Branch) and Branch10 (Mukono Sub-Branch). The BPCs are to run for a period of twenty three months during which the selected Branch Manager shall be responsible for leading the Branch Team in the provision of water supply and sewerage services within the designated Branch. The BPCs are renewable subject to the provisions of the BPC framework.

Kampala Water now invites Bids, from all interested, suitable and competent NWSC Staff, for the provision of water supply and sewerage services in any of the above mentioned Branches of Kampala Water and Sewerage Service Area (KWSSA). Bids shall be in form of Business Plans (Biz.-Plans) or Expressions of Interest (EOI). All Prospective Bidders shall be obliged to prepare Bids for at least two Branches. Bidders have the option of preparing bids for up to a maximum of three Branches. In all cases, Bidders shall indicate the priority or preference for each of the Branches bid for and shall prepare their bids as individuals and not as teams. As a minimum a bidder shall be obliged to prepare a Biz-Plan for the Branch of his or her first choice. A bidder shall be required to prepare EOI for the Branch of second choice and where applicable an EOI for the Branch of third choice. For the Branch of second choice a bidder may prepare a Biz-Plan instead of an EOI.

Successful bidders will assume the post(s) of Branch Manager(s). Under the BPC a Branch Manager is the Team Leader and will head a team of Key Staff that jointly form the Sub-Operator to whom the mandate of providing water and sewerage services within the Branch is given.

Sealed Bids in form of Biz-Plans or Expressions of Interest should be submitted to the General Manager, Kampala Water not later than 1000 hrs on Tuesday 25<sup>th</sup>/7/2006.

In the event that an Expression of Interest for a given Branch is selected in preference to the Business Plans, the Bidder who submitted the selected EOI shall be requested to prepare a detailed Business Plan that is consistent with the selected EOI. The new business plan shall then form the basis for signing the BPC with the Bidder that submitted the selected EOI.

## SECTION II. INSTRUCTIONS TO BIDDERS

### 1. **Two or Three Bids per Bidder:**

A Bidder shall be obliged to prepare Bids for at least two Branches. Bidders have the option of preparing bids for up to a maximum of three Branches. Bids shall be either in the form of Business Plans (Biz-Plans) or in the form of Expressions of Interest (EOI). In all cases, Bidders shall indicate the priority or preference for each of the Branches bid for and shall prepare their bids as individuals and not as teams. As a minimum a bidder shall be obliged to prepare a Biz-Plan for the Branch of his or her first choice. A bidder shall be required to prepare an EOI for the Branch of second choice and where applicable an EOI for the Branch of third choice. For the Branch of second choice a bidder may prepare a Biz-Plan instead of an EOI.

### 2. **Cost of Bidding**

The Prospective Bidder shall bear all costs associated with the preparation and submission of its Bid (Biz-Plan or EOI), and Kampala Water in liaison with the NWSC Head Office will discretionally be responsible or liable for those costs, regardless of the conduct or outcome of the bidding process.

### 3. **Due Diligence**

The Prospective Bidder is encouraged obtain all information from Kampala Water – 6<sup>th</sup> Street Office Industrial Area that may be necessary for preparing its Bids and entering into a Branch Performance Contract (BPC). A date for the Bidders' Conference will be communicated in due course.

### 4. **Content of Bidding Documents**

The Bidding Documents are those stated below and should be read in conjunction with any Addenda issued in accordance with Clause 6:

- (a) Invitation for Bids (Section I)
- (b) Instruction to Bidders (Section II)
- (c) Bid Form; Bid Submission Sheets (Section III)
- (d) Historical Performance Data for the Nine Branches (Appendix I)
- (e) Minimum and Target Performance Standards of the Nine (Appendix II)
- (f) Draft Branch Performance Contract (BPC) with its Schedules (Appendix III)
- (g) Guidelines for Preparation of Business Plans (Appendix IV)
- (h) Guidelines for Preparation of EOI (Appendix V)
- (i) KW – Branch Specific OPEX and CAPEX Ceilings (Appendix VI)

### 5. **Clarification of Bidding Documents**

A Prospective Bidder requiring any clarification of the Bidding Documents may contact the KW – Development, M&E Manager (DMEM) in writing or otherwise. The DMEM will respond in writing or otherwise to any request for the clarification received. The responses notwithstanding all clarifications together with their respective queries shall be posted to the “*Lotus Notes – NWSC Users*”.

### 6. **Amendment of Bidding Documents**

- 6.1 At any time prior to the deadline for submission of bids, Kampala Water (KW) may amend the Bidding Documents by issuing Addenda.
- 6.2 Any Addendum thus issued shall be part of the Bidding Documents and shall be communicated in writing to all Prospective Bidders (*Lotus Notes - NWSC Users*).

6.3 To give prospective bidders reasonable time in which to take the amendment into account in preparing their bids, KW may extend the deadline for submission of bids.

**7. Language of Bid**

The bid as well as all correspondences and documents relating to the bid exchanged by the prospective bidders and KW, shall be written in the English Language.

**8. Documents Comprising the Bid**

Each of the Two or Three Bids submitted by a Bidder shall comprise the original and two copies of the following:

(a) A Duly filled-in Bid Form or Bid Submission Sheet (See Section III);

**AND**

(b) A duly prepared Business Plan in Accordance with the “Guidelines for Preparation of Business Plans” (See Appendix IV) in case the Bid is in form of a Biz-Plan; **OR** A duly prepared Expression of Interest in accordance with the “Guidelines for Preparation of EOI” (See Appendix V) in case the Bid is in form of an EOI.

**NB:** *It is important to understand what documents constitute an admissible Bid. Failure to submit a duly filled-in Bid Form and a corresponding duly prepared Biz-Plan or EOI may lead to automatic disqualification of the respective bidder.*

**9. Bid Prices**

(a) The Bid Price shall be for the provision of services, summarized in the Invitation for Bids and detailed in the Draft Branch Performance Contract Framework (Appendix III), meant to achieve the proposed parent performance targets in line with Appendix II. The Bid Price is the “Estimated Average Monthly Branch Specific Operating Expenses submitted by the Bidder”.

(b) The Contract shall be subjected to the NWSC Financial Regulations.

**10. Currency of Bid**

OPEX and CAPEX rates and/or amounts shall be quoted by the Prospective Bidder entirely in Uganda Shillings.

**11. Format and Signing of Bid**

(a) For each of the Two or Three Bids submitted, the Prospective Bidder shall prepare one original of the documents comprising the bid as described in Clause 8 and clearly marked “ORIGINAL”. In addition, the Prospective Bidder shall submit two copies of the bid, each clearly marked as “COPY”. In the event of discrepancy between them, the original shall prevail.

(b) The original and the two copies of the bid shall be typed or written in indelible ink and shall be signed by the Person of the Bidder. All pages of the bid shall be numbered sequentially and initialed by the Bidder.

(c) Bids shall be submitted strictly in accordance with the Bidding Documents. Any amendments or qualifications made by the Bidder, except those to comply with instructions issued by Kampala Water, may result in rejection of the bid.

**12. Sealing and Marking of Bids**

- (a) The Bidder shall seal the original and the two copies of the bid in two inner envelopes and one outer envelope, duly marking the inner envelopes as "ORIGINAL" and "COPY".
- (b) The inner and outer envelopes shall:
  - (i) be addressed to Kampala Water at the address provided below;
  - (ii) bear the Type of Bid and the Branch bided for **i.e.** Either Business Plan for Branch ..... Or Expression of Interest for Branch .....); and
  - (iii) provide a warning not to open before the specified time and date for bid opening as defined in the Clause 15.

Address for submission of bids:  
 General Manager,  
 NWSC - Kampala Water  
 Plot 18/20 6<sup>th</sup> Street  
 Industrial Area  
 P. O Box 70255 Kampala  
 Tel: +256 – 41 – 315500/315502  
 Fax: +256 – 41 - 349020
- (c) In addition to the identification required above, the inner envelopes shall indicate the name and address of the Bidder to enable the bid to be returned unopened in case it is declared/submitted late.
- (d) If the outer envelope is not sealed and marked as above, Kampala Water will assume no responsibility for the misplacement or premature opening of the bid.

**13. Deadline for Submission of Bids**

- (a) Bids shall be delivered to Kampala Water at the address specified in Clause 12 before 1030 hrs on Tuesday 25<sup>th</sup> July 2006.
- (c) Kampala Water may extend the deadline for submission of bids by issuing an Addendum, in which case all rights and obligations of Kampala Water and the Prospective Bidders previously subject to the original deadline will then be subject to the new deadline.

**14. Late Bids**

Any bid received by Kampala Water after the deadline for submission of bids will be returned unopened to the respective Bidder.

**15. Bid Opening**

- (a) Kampala Water will open the bids, including modifications, in the presence of the Bidders who choose to attend at 1100 hrs on Tuesday 25<sup>th</sup> July 2006 in the NWSC – Kampala Water Board Room at Plot 18/20 6<sup>th</sup> Street Industrial Area, Kampala.
- (b) The Bidders' names, Branch bided for, Type of Bid (either Biz-Plan or EOI), Estimated Average Monthly Branch Specific OPEX, the Bidder's proposed parent target standards if different from those set by KW, the X% Value for the Incentive Fee computation and the risk levels of Y% and Z% and such other details as the Kampala Water may consider appropriate, will be announced by Kampala Water at the opening.
- (c) Kampala Water will prepare minutes of the bid opening, including the information disclosed to those present.
- (d) Bids not opened and read out at bid opening shall not be further considered for evaluation, irrespective of the circumstances.

**16. Process to Be Confidential**

Information relating to the examination, clarification, evaluation, and comparison of bids and recommendations for the award of a contract shall not be disclosed to Bidders or any other persons not officially concerned with such process until the award to the successful Bidders has been announced.

**17. Clarification of Bids**

To assist in the examination, evaluation, and comparison of bids, Kampala Water in Liaison with the NWSC Head Office may, at Kampala Water’s discretion, ask any Bidder for clarification of the Bidder’s bid. The request for clarification and the response shall be in writing or by cable, telex, or facsimile or otherwise, but no change in the price or substance of the bid shall be sought, offered, or permitted except as required to confirm the correction of arithmetic errors discovered by Kampala Water in the evaluation of the bids in accordance with Clause 19.

**18. Contacting Kampala Water or the NWSC - Head Office**

- (a) No Bidder shall contact Kampala Water or the NWSC Head Office on any matter relating to its bid from the time of the bid opening to the time the Contract is awarded. If the Bidder wishes to bring additional information to the notice of the Kampala Water, it should do so in writing.
- (b) Any effort by the Bidder to influence Kampala Water in the Kampala Water’s bid evaluation, bid comparison or contract award decisions may result in the rejection of the Bidders’ bid.

**19. Correction of Errors**

- (a) Where there is a discrepancy between the amounts in figures and in words, the amount in words will govern; and
- (b) The amount stated in the bid will be adjusted by Kampala Water in accordance with the above procedure for the correction of errors and, with the concurrence of the Bidder, shall be considered as binding upon the Bidder. If the Bidder does not accept the corrected amount, its bid will be rejected.

**20. Evaluation and Comparison of Bids**

In evaluating and comparing the bids, Kampala Water will use a merit point system (MPS) based on Margins of Preference, Technical Quality of the Bids, Risk-Shouldering of the Bidder and the offered Cash Operating Margin. The Criteria for award of scores under the MPS is detailed below:

#	CRITERIA	SUB-CRITERIA	MAXIMUM SCORE (POINTS)
1	<b>Margins of Preference</b>	<u>a) Ranking of Choices;</u> For a Branch of 1 <sup>st</sup> Choice a Bidder earns 3 pts, Branch of 2 <sup>nd</sup> Choice a Bidders earns 2 pts, Branch of 3 <sup>rd</sup> Choice a Bidder earns 1 pt.	3
		<u>b) Type of Bid;</u> If the Bid is in form of a Biz-Plan, the Bidder earns 5 pts. If the Bid is in form of an EOI, the Bidder earns 0 pts.	5

#	CRITERIA	SUB-CRITERIA	MAXIMUM SCORE (POINTS)
		<u>c) Rotation;</u> If the Bidder's 1 <sup>st</sup> Choice is a Branch that is not his/her current duty station the bidder earns 2 pts. For all other scenarios, the Bidder earns 0 pts	2
<b>Sub-Total - 1</b>			<b>10</b>
2	<b>Technical Quality of Bid</b>	<u>a) Compliance to KW Set Parent Targets</u> A Bidder who just complies to the set targets earns 3 pts. A Bidder who proposes higher than the set but reasonable targets can earn up to 5 pts A Bidder who proposes higher than the set but un-reasonable/un-realistic targets is penalized & earns less than 3 pts A Bidder who proposes less than the set targets in non-compliant and may be disqualified	5
		<u>b) SWOT Analysis</u> The following attributes will be considered: conciseness, specificity of issues, clarity, relevance of issues to the Branch, ranking of issues i.e. "bringing out the most critical – 80/20 rule" etc	15
		<u>c) Improvement Strategies</u> The following attributes will be considered: link between strategies and issues from SWOT, innovative strategies, conciseness, specificity, clarity of strategies, prioritization of strategies i.e. "highlighting those of least effort but greatest impact – 80/20 rule"; as well as the "implement-ability of the strategies etc	20
		<u>d) Costing &amp; Scheduling of Strategies</u> The following attributes will be considered: Is the costing of the strategies prudent and realistic? Is the costing backed up by explanatory notes? Is the scheduling of strategies logical and realistic?	5
		<u>e) Human Resource Plan/Operations Mgt</u> The following attributes will be considered: Does the proposed staffing level fit within the provisional staff ceilings? What are the innovative ways building teamwork at the Branch? What are the innovative ways of organizing the Branch Operations? What are the considerations for effective Territorial Management?	10



#	CRITERIA	SUB-CRITERIA	MAXIMUM SCORE (POINTS)
		f) <u>Completeness of the Bid</u> the following attributes will be considered: Duly filled-in bid submission form, Duly filled-in Biz-Plan or EOI consistent with the Guidelines.	5
<b>Sub-Total - 2</b>			<b>60</b>
<b>3</b>	<b>Risk-Shouldering</b>	a) <u>X% Value</u> in the Computation of the monthly Incentive Fee - the lower X% is the more pts/scores	2
		b) <u>Y% Value</u> regarding the Percentage Achievement Level of the Parent Targets below which a portion of the salary may be forfeited - the higher Y% is the more pts/scores	3
		b) <u>Z% Value</u> regarding the maximum Percentage of the salary that is to be forfeited if performance is below a certain level. - the higher Z% is the more pts/scores	5
<b>Sub-Total - 3</b>			<b>10</b>
<b>4</b>	<b>Cash Operating Margin</b>	a) Improvement in <u>Cash Operating Margin (COM)</u> The Bidder who “realistically”, proposes the highest improvement in COM will earn 20 pts. All the other Bidders will earn respectively prorated pts	20
		<b>Sub-Total - 4</b>	<b>20</b>
<b>GRAND TOTAL</b>			<b>100</b>

#### Notes to Evaluation Criteria

- (a) A Bid (Biz-Plan) will be considered to be Technically Responsive if the Score under the Technical Quality of Bids is not less than 40 pts. A Bid (Biz-Plan) that does not score at least 40 pts under the Technical Quality of Bids will not be considered in the comparison of Bids and will thus be rejected.
- (b) Subject to the minimum score of 40 pts under Technical Quality of bids, the pass mark for Biz Plans for the Total Score incorporating all the four Evaluation Categories shall be 70 pts.
- (c) In evaluating the bids, Kampala Water will determine for each bid the Evaluated Bid Price (COM = Coll-OPEX) by adjusting the Bid Price through making appropriate adjustments to reflect correction for errors or other modifications offered
- (c) In the event that none of the Biz-Plans for a given Branch scores the pass mark of 70 pts, the Bidder with the EOI having the highest score may be selected as the successful Bidder. Such a Bidder shall then be requested to prepare a Biz plan consistent with the selected EOI. .
- (d) The provision in (c) above notwithstanding, the selected EOI should have a score that is not less than 55 pts.

**21. Award Criteria**

- (a) Subject to Clause 20, Clause 21(b) and Clause 22 Kampala Water will award the Contract to the Bidder who has scored the highest points under Clause 20.
- (b) Kampala Water may, at Kampala Water's discretion, request the Bidder to be recommended for award to validate his/her strategies and/or to prepare a detailed Biz-Plan as the case may be.

**22. Kampala Water's Right to Accept any Bid and to Reject any or all Bids**

Kampala Water reserves the right to accept or reject any bid, and to cancel the bidding process and reject all bids, at any time prior to the award of Contract.

**23. Award and Signing of Contract**

Having decided which bid to accept, and subject to successful negotiations, Kampala Water will write and send Letter of Acceptance of Offer to the Bidder whose bid has been accepted. The Contract will be formalized in due course.

**24. Debriefing**

- (a) Kampala Water will promptly notify the name of the winning Bidder (s) to each unsuccessful Bidder.
- (b) If after notification of award, a Bidder wishes to ascertain the grounds on which its bid was not selected, it should address its request in writing to Kampala Water. Kampala Water will promptly respond in writing to the unsuccessful Bidder.

**SECTION III: FORM OF BID**

To: General Manager,  
 NWSC - Kampala Water  
 Plot 18/20 6<sup>th</sup> Street  
 Industrial Area  
 P. O Box 70255 Kampala

**Subject: Bid for Branch Manager of .....(Branch Name).....Branch**

I ..... (Name of Bidder) ....., having read and understood the Bidding Documents, hereby bid for the position of Branch Manager for ..... (Branch Name) ....., and offer to execute the Branch Performance Contract (BPC) for provision of water supply and sewerage services in the said ....(Branch Name) ..... of Kampala Water and Sewerage Service Area in accordance with the provisions and terms of the BPC.

I am committed to the achievement of the Parent Targets and to the shouldering of risk levels outlined below:

No.	Indicator	Unit	Base Performance	KW set Target - Yr 1	Proposed Bidder's Target - Yr 1
1	Water sold (monthly avg)	m <sup>3</sup>			
2	Billing (Monthly avg) – net of VAT	UShs'000			
3	New water connections (monthly avg)	No.			
4	Active water connections (at yr end)	No.			
5	Inactive water connections (at yr end)	No.			
6	Total collections (net of VAT)	Ushs'000			
7	Cash operating margin	Ushs'000			
8	Domestic arrears	Ushs'000			

No.	Risk Component	Proposed Risk Level (%)
1	X% Value	
2a	Y% Value for Water Sold	
2b	Y% Value for Billing	
2c	Y% Value for Inactive Water Connections	
2d	Y% Value for Domestic Arrears	
3	Z% Value	

My Bid is in form of .....(State either Business Plan or Expression of Interest).....

This Bid and your written acceptance of it shall constitute a binding Contract between us upon which a Contract Agreement shall be duly processed and signed. I understand that you are not bound to accept the lowest or any Bid you receive.

Bidder's Signature: \_\_\_\_\_

Name of Bidder: \_\_\_\_\_

Address of Bidder:  
Physical Address: \_\_\_\_\_

Postal \_\_\_\_\_ Address:

Telephone \_\_\_\_\_ Address:

Fax \_\_\_\_\_ Address: