

# EFFECTIVE TENDERING

Name: Stella Addo FCIPS  
Country Manager CIPS – UK, Ghana  
Date: 23/06/2020

# PRESENTATION OUTLINE

- **Part 1:**
  - Definitions
  - Procurement Cycle (generic)
  - Pre-qualification & Post-qualification
- **Part 2:**
  - Procuring for Goods, Services & Works
  - Procurement Methods (Types of Tendering)
  - Supplier/ Tenderer Eligibility & Qualification
- **Part 3:**
  - Suppliers/Contractors Tender Checklist
  - Effective Tendering is achieved if.....
  - Q & A

# DEFINITIONS

- ❑ **Tender**-An invitation doc used by procuring entities to solicit for bids for Goods, Services or Works.
- ❑ **Tendering**-The process of soliciting for bids /offers/proposals, to arrive at choosing the best offer, or cheapest company to supply goods, or to do a job from offers received from several companies.

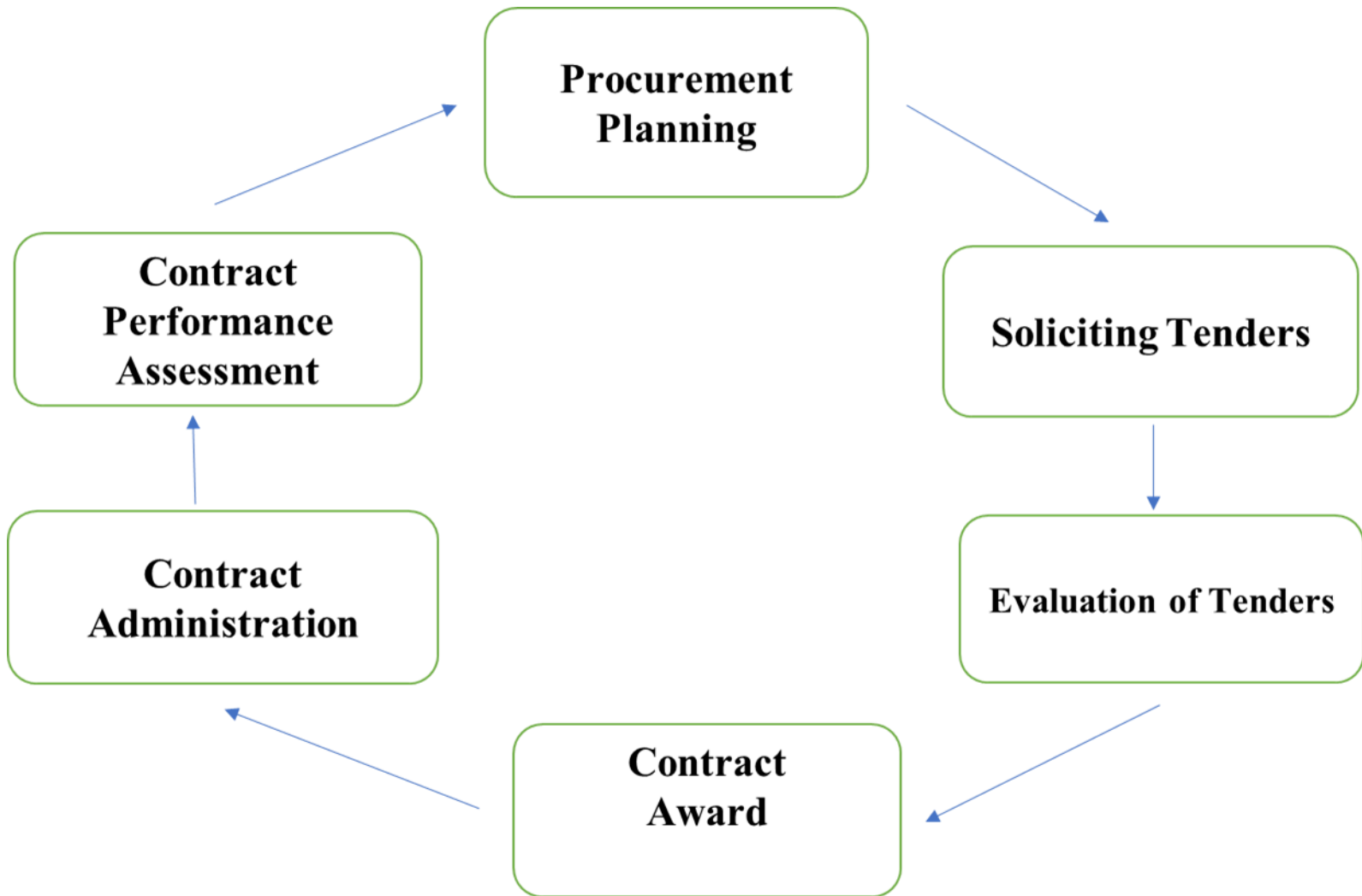
- ❑ **Effective Tendering :**

Ensuring that demand (need) is met by Supply at Total Cost of Ownership through a fair and transparent competitive process, delivered, monitored, paid and proper documentation kept for future reference.

- ❑ **SME'S: A business that maintain revenue, assets & No of employees.**

Definition varies among countries. However they make up the vast majority of businesses in most countries, making major contributions to the economy who should be encouraged to grow.

# THE PROCUREMENT CYCLE (GENERIC)



# PRE & POST QUALIFICATION

- ❑ Qualification of tenderers can be done either before or after tenderers are invited to submit tenders.
- ❑ The assessment of suitability of firms prior to being invited to submit tenders is termed as **Pre-qualification**
- ❑ The assessment of suitability of firms after being invited to submit tenders is called **Post-qualification**
- **(Sections 23-24 of Act 663 as amended)**

# PRE & POST-QUALIFICATION

## ❑ Pre-qualification:

Mainly used for complex, custom-designed equipment and Industrial plants under Turnkey, Design and Build, Management Contracting, for Goods, Works and Technical Services.

- ❑ Also used in situations where the items to be bought are specialized and are of strict quality or registration requirements.
- ❑ Pre-qualification is not a procurement method but a procedure to be applied before a substantive procurement method is used.
- ❑ **Post qualification-** It is a process of verifying, validating and ascertaining the genuineness of the statements made & information provided by bidders. This involves due diligence at high level to unearth potential risks to the Entity.

# PART 2: PROCUREMENT METHODS

# PROCURING GOODS

Uses Standard Tender Documents for Goods to solicit for offers

Technical Specifications

Data Sheet

Price Templates- To capture price of goods, Incidental expenses , Freight, Insurance all other charges

General Conditions of contract ( as stated in tender doc)

Special conditions of contract

Delivery terms ( appropriate Incoterm , ie CIF, DDU etc)

Payment terms(Lumpsum after delivery, Advance, staggered payment etc)



# PROCURING TECHNICAL SERVICES OR CONSULTANTS

Uses Standard **Request for Proposal** for Selection of Consultants or Selection of Technical Services Providers(Time based, Lumpsum etc)

- Terms of Reference (TOR)** ( bidders allowed comments/suggestions)
- Proposal (Technical & Price)**
- General Conditions of contract ( As stated in tender doc)
- TOR- allows to make comments or suggestions(methodology, workplan
- Starting date**-(30 days after the date contract becomes effective)
- Commencement date-After receipt of approved program to entity
- Effectiveness of contract**-Shall come into effect on the date the contract is signed by both parties
- Contract Agreement**-Within 28 days after contractor receives letter of acceptance.
- Delays-forfeit performance bond, liquidated damages or termination

# PROCURING WORKS

Uses Bill of Quantities (BOQ), drawings etc in Standard tender document to solicit for offers

- ❑ FIDIC ( International Federation of Consulting Engineers drafted standard form of contracts, endorsed by many multinationals. Different types of FIDIC Contract reflects different procurement approaches (regarding design & responsibilities) Most well known are Yellow, Silver & Gold Book)
  - ❑ **Pink Book**,( Harmonized red book)Building & Engineering works
  - ❑ **Red Book**-Traditional conditions for works designed by Employer)
  - ❑ **Yellow Book**(Plant & Design Electrical & Mechanical) by contractor
  - ❑ **Silver book**-EPC/for Turnkey Projects(1999)
  - ❑ **White book**-Client/Consultant Model Services Agreement(4<sup>th</sup> ed2006)
  - ❑ **Golden book**, -Design, Build & Operate projects (2008)
  - ❑ **Green book**- Short form of contract (1999)
-

# COMPETITIVE TENDERING

Most preferable method under the law.

- ❑ Default method for most donor funded projects( DFID, USAID, W/B)
- ❑ Encourages maximum competition in the procurement process.
- ❑ Opportunities are always advertised and open to all.
- ❑ Two types of Competitive Tendering Methods:
  - International Competitive Tendering (ICT)
  - National Competitive Tendering (NCT)

**(Section 35 & Part V of Act 663 as amended)**

# COMPETITIVE TENDERING (CONT'D)

## ❑ International Competitive Tendering (ICT)

One of the most appropriate competitive bidding process that entails advertising requirement in widely circulated medium. It promotes competition, resulting in best value for money. Equal opportunity to all, Transparency, avoiding favoritism.

## ❑ National Competitive Tendering (NCT)

It is a tendering process whereby only domestic/national suppliers or contractors are invited to participate in the tendering process.

# RESTRICTED TENDERING

- ❑ This is a procurement method with limited competition.
- ❑ **No Invitation, No participation.**
- ❑ Should be transparent and Non-discriminatory
- ❑ A maximum of six (6) and a minimum of three(3) short-listed Suppliers, Contractors, or Service providers are required.
- ❑ **(Sections 38-39 of Act 633 as amended)**

# TWO-STAGE TENDERING

- ❑ This method is recommended where it is not feasible for the procurement entity to formulate detailed specification for Goods, Services or Works to be acquired.
- ❑ Engage in a two-stage tendering process where it seeks to enter a contract for research, experiment, study and development purposes.
- ❑ Stage 1 - Invite tenderers to contribute to the development of detailed Specifications, TOR or BOQ.
- ❑ Stage 2 - Normal tendering process.
  
- ❑ **(Section 36-37 of Act 663 as amended)**

# SINGLE SOURCE

It is a procurement method where a Supplier, Contractor, Consultant or Service Provider **is engaged without competition (Direct Contracting)**.

- It is subject to a specific approval being granted by the Public Procurement Authority
- PPA may charge a processing fee before an approval is granted.
- Particular attention should be given to environmental and social criteria specified in evaluation criteria in tender document.
- (section 40-41 of Act 633 as amended)**

# SINGLE SOURCE (CONT'D)

- ❑ **Its appropriate under the following conditions:**
  - Where there is an urgent requirement by the procurement entity;
  - Where there is a catastrophic event leading to an emergency;
  - Where additional quantities of a product is required?
  - Where the procurement of that product is aimed at ensuring compatibility with existing systems in place;
  - Where the procuring Institution seeks to carry out an experiment for research purposes; and
  - If the procurement is of national security interest.

Where the supplier of a particular product has proprietary right over the sale of the product and no suitable alternative exists (**sole source-because of monopoly**);



# REQUEST FOR QUOTATIONS (SECTION 42-43 OF ACT 663 AS AMENDED)

- ❑ The use of RFQ shall be in accordance with the thresholds applicable to this method of procurement as provided for in the Fifth Schedule of Act 663 as amended.
  - ❑ Specifically, Section 42 (1) and (2) of Act 663 as amended states:
    - “(1) A Procurement Entity may engage in procurement by requesting quotations in accordance with Section 43,
      - (a) for readily available goods, works or technical services that are not specially produced or provided to the particular specifications of the procurement entity; and
      - (b) for goods where there is an established market if the estimated value of the procurement contract is less than the amount in the Fifth Schedule of Act 663 as amended.
    - (2) The successful quotation shall be the lowest evaluated responsive quotation that meets the needs of the procurement entity in the request for quotations.
-

# REQUEST FOR QUOTATIONS (CONT'D)

- ❑ Procurement entity shall request for quotations from as many suppliers or contractors as practicable but shall compare quotations from at least three (3) different sources.
- ❑ The firms should not be related in terms of ownership, shareholding or directorship and the principles of conflict of interest shall apply
- ❑ Suppliers or contractors from whom quotations are requested should indicate any additional costs apart from the cost of the goods or services
- ❑ These additional costs may include transportation, insurance, custom duties and taxes etc
- ❑ Each supplier or contractor is required to give only one price quotation
- ❑ No negotiation is allowed to take place between procurement entity and supplier/contractor prior to the evaluation of quotations.
- ❑ For self generated funds, private sector or donor funds, some do allow for negotiations
- ❑ A period of up to two (2) weeks should be allowed for the submission of quotations to allow suppliers sufficient time to give good offers.

# FRAMEWORK CONTRACTING

## (SECTION 34A OF ACT 663 AS AMENDED)

- ❑ Framework agreement means a long-term agreement with suppliers, contractors and service providers which sets out terms and conditions under which specific procurements (call-offs) can be made throughout the term of the agreement.
- ❑ Framework agreements are generally based on prices that either pre-agreed, or determined at the call-off stage through competition or a process allowing their revision without further competition.
- ❑ Section 34A of Act 663 as amended provides for the use of framework contracting/agreements where the context permits, and this shall be in accordance with the guidelines issued by the PPA.
- ❑ Framework agreement is not a method of procurement but a contracting arrangement which could be used after the conclusion of any method of procurement.
- ❑ Are particularly suitable when procuring recurrent items or common user items over a prolonged period of time.

# TENDERER ELIGIBILITY & QUALIFICATION

# ELIGIBILITY CRITERIA

❑ To be eligible to participate in public procurement in Ghana, tenderers are required to meet the following criteria:

❑ This is also applicable for other donor funded projects

- Must be Legally Registered
- Up to date on Tax Payment
- Not Suspended /Blacklisted or Convicted of any Professional Misconduct
- No Conflict of Interest
- Qualified Professionally, Technically and Environmentally

# QUALIFICATION CRITERIA

- Must have the legal capacity to enter into a contract.
- Must possess the personnel, equipment and other physical facilities that will enable them to discharge their obligations under the intended contract.
- 
- Their managerial capacity and experience should also not be questionable.
- Financially sound(evidenced by an audited account for specified years)

# DOCUMENTARY EVIDENCE

- ❑ The documentary evidence required for tenderer eligibility include:
  - Certificate of Incorporation
  - Certificate to Commence Business
  - GRA Tax Clearance Certificate
  - VAT Registration Certificate
  - Social Security & National Insurance Trust (SSNIT) Clearance Certificate
  - Manufacturer's authorization for suppliers (if applicable)
  - Power of Attorney
  - Labour Certificate (if applicable)
  - Ministry of Roads & Highways(MRH) Classification Certificate
  - Ministry of Works and Housing (MWH) Classification of Contractors Certificate. etc

# PART 3: SUPPLIER'S TENDER CHECKLIST



# TENDER CHECKLIST

- ✓ Read tender doc thoroughly and understand what is required of you - Specification/ Deliverables/Format of responses etc
- ✓ Ask questions on anything you are unclear about before putting up your bid/offer. Make sure you're clear on all abbreviations/acronyms and terms used
- ✓ Confirm the tender procedure, legislation and estimated budget.
- ✓ Prepare a list of all the basic information requested. This may include insurance details, references, Power of Attorney, Financial information, Tax clearance certificate, Manufacturer's warranty etc
- ✓ Confirm the award criteria and weightings or their order of importance.
- ✓ If paper based, make copies of all your tender documents and store the originals in a safe place.

# TENDER CHECKLIST

- ✓ Submit at the right place, time and format. Make sure to sign anything that should be signed. Incomplete and/or late tenders cannot be evaluated and will be returned.
- ✓ Expert advise - create a 'bid team'. Different perspectives will allow you to create a thorough and comprehensive bid.
- ✓ Do not sell yourself to beat competition when it is not tenable but sell yourself in order to beat your competitors with analytics details and explain the benefits of your offer clearly and simply
- ✓ Inquire why you were not successful and make sure you ask for a debriefing; you are entitled to one and it will help you to understand where you went wrong.

# TENDERING IS DEEMED EFFECTIVE.....

- ❑ **Clarity** of Specs, TOR or BOQ, & Well Structured.
- ❑ **Completeness of information** I.e. specification, delivery location, existing conditions, payment terms, skillset, working hours for both supplier and end user, country requirement, ethical requirement , what kind of manpower existing, selecting suppliers, supplier closeness, involvement of local suppliers etc.
- ❑ **Clear & Timely Communication, Fairly & Transparently** throughout the process.
- ❑ Using **right tendering procedures, evaluation methods & contract awarded to best supplier that offered Total Cost of Ownership.**
- ❑ **Goods or services delivered, supplier paid, and contact closed.**

Win / Win situation between buyer(dd) & seller (ss) to meet a need/solve a problem.

---

**What could we all do to make this better?**

**Thank you for listening**