

GUIDE TO PROCUREMENT PLANNING

Procurement Planning Framework

FIJI PROCUREMENT OFFICE
MINISTRY OF ECONOMY

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Contact details	saimoni.veramu@economy.gov.fj
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Acronyms The following acronyms are used in this document	
Acronyms	Full form
APP	Annual Procurement Plan
FPO	Fiji Procurement Office
PS	Permanent Secretary
SC	Steering Committee
PPF	Procurement Planning Framework
eTender	Electronic Tender

Disclaimer

This guide is a **draft only** and is still under development. Feedback on this guide can be emailed to saimoni.veramu@economy.gov.fj

Specifically, feedback is sought on:

- usefulness of the guide and templates
- ordering and placement of each section
- areas where additional guidance is required or missing
- suggestions for templates and factsheets.

Staff must ensure that all procurement activities undertaken comply with the procurement rules and procurement governance policy found on www.fpo.gov.fj.

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1 | About this guide

This guide to procurement planning provides the Procurement Planning Framework ('**PPF**') for Ministries and Departments ('**agencies**') to effectively undertake the planning stage of the procurement lifecycle

The guide provides:

1. an understanding of the benefits of effective procurement planning
2. an overview of the Fijian government Procurement Planning Framework
3. guidance on recommended activities to be performed in the planning stage
4. templates and factsheets to assist with the planning stage.

The guide must be read in conjunction with the Procurement Regulations 2010, procurement policy, procurement guides and relevant Ministry of Economy circulars. In addition, agencies must ensure that activities comply with any internal processes in place. This will enable agencies and its personnel to adopt compliant procurement practices that strive to deliver value for money.

2 | What is planning?

Planning is an important part of our procurement process. It comprises of agency planning and procurement project-specific planning. This includes stakeholder consultations, market analysis, risk management and determination of the best procurement method.

Within the Fijian Government, planning comprises the following three steps:

- Annual Procurement Plan ('**APP**') (refer section 5)
- Needs Analysis (procurement justification) (refer section 6)
- Plan market approach (refer section 7).

Each step of planning is further explained in sections 5 to 7 of the guide as noted above.

Organisations that lack rigour in planning will find that projects proceed when there are few real benefits or the procurement has a weak link towards the government and agency strategies.

Good planning considers the risk and complexity of the activity and sets the course for subsequent activities within the procurement lifecycle. It ensures the most appropriate procurement strategy is selected to meet the objectives of the agency and results in meeting the five principles of procurement mentioned below:

- a. value for money;
- b. maximise economy and efficiency and the ethical use of Government resources;
- c. promote open and fair competition amongst suppliers and contractors;
- d. promote the integrity of, fairness and public confidence in the procurement process; and
- e. achieve accountability and transparency in the procedures relating to procurement

The importance of planning is further outlined in the next table:

Importance of planning	
Why is planning important?	<ul style="list-style-type: none"> • enables procurement activities to be aligned with agency strategic objectives • to improve the quality of preparation and analysis, to facilitate an optimum course of action • enables early detection of risks and potential mitigating strategies • to maximise the opportunity for projects to be delivered on time and within budget.
What are the risks if planning is not performed?	<ul style="list-style-type: none"> • inconsistent procurement practices • lower quality purchases and increased procurement costs • inadequate responses from business and industry • flow on implications in each stage of the procurement lifecycle • failure to deliver value for money

2.1 Procurement lifecycle

The majority of the work required in the procurement lifecycle is planning. The guideline provides detailed guidelines on the Planning Stage of Procurement i.e. from Initiation to Procurement Approach. The remaining steps of procurement are covered in the 'Guide to tender & evaluation'



2.2 Procurement projects

A project is a temporary organisation that is created for the purpose of delivering one or more procurement outcomes according to an agreed business case. It is a means to introduce change within an organisation and in the communities that we serve. This guideline will refer to procurement projects in various sections.

2.3 Why have a guideline to procurement planning

For a procurement to be successful, procurement outcomes have to be met. This guideline provides a standard planning framework with sufficient monitoring and control to ensure outcomes are met.

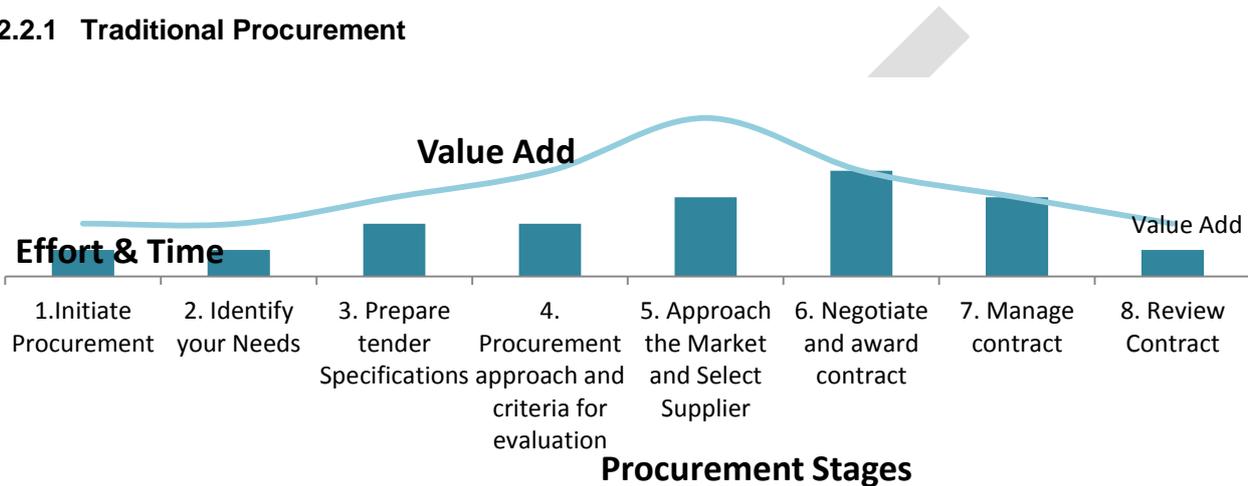
Procurement introduced change both internally and externally in the communities we serve. Change has its risks and implementing a planning framework will be valuable to the investment we are undertaking.

2.4 Traditional v Strategic procurement

The Government of Fiji is moving towards strategic procurement. There are several differences in methodology and execution between traditional approaches to procurements and strategic approaches.

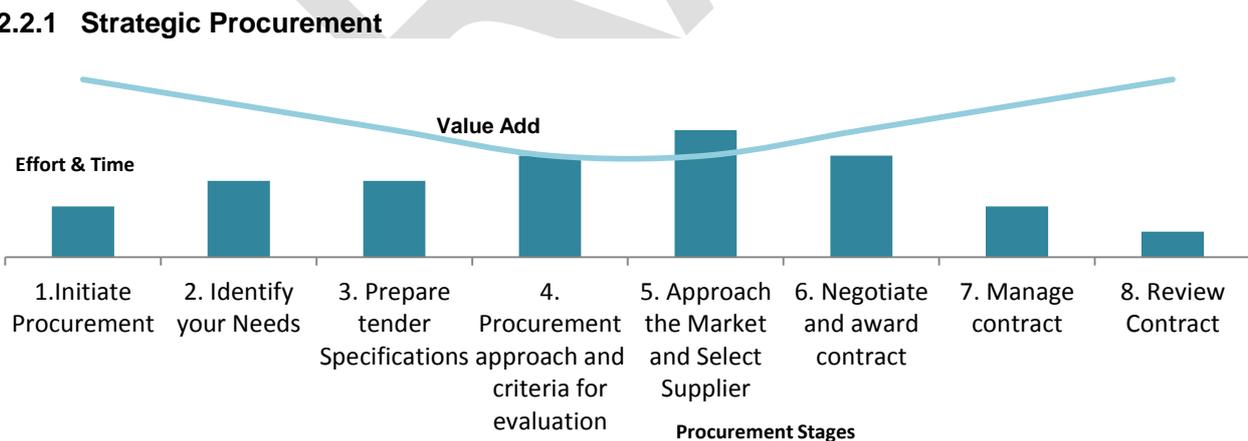
A traditional approach to procurement is to view it as an administrative function for buying goods/services. A strategic approach involves understanding the importance of the procurement to the agency in achieving its outcomes, sourcing suppliers and managing relationships to successfully deliver against public policy objectives and agency needs, whilst delivering overall value for money.

2.2.1 Traditional Procurement



In the traditional approach to procurement, little time is spent on planning. Effort is focused on approaching the market and evaluation. As a consequence of insufficient analysis in the planning stages, increased effort is needed in evaluation through to contract management. In some cases, this results in variations, delays in evaluations or withdrawal of tenders.

2.2.1 Strategic Procurement



In strategic procurement, time is taken up to plan, research and analyse to add significant value to identifying solutions that will meet the needs. A focus understanding stakeholder expectations and management means that less time is spent resolving issues and more time applied to assessing quality in delivery and identifying opportunities for cost savings and benefit gains. A strategic approach delivers greater value.

3 | Planning Framework

This Procurement Planning Framework is principle based rather than procedural based which allows flexibility for agencies. This PPF can be tailored to suit any project.

There will still be a reliance on a number of structures already in place in agencies, in particular:

- project planning and management
- a sound financial management framework based on the *Financial Management Act and the Procurement Regulations 2010*
- audit and fraud prevention programs and frameworks
- good standards in governance
- public service code of conduct
- maintenance of appropriate records of procurement activities

Some interpretation will be needed in agencies to accommodate this approach. Staff undertaking procurement activities must ensure consideration of their agency structures and processes.

3.1 Planning principles

There are 6 key principles that provide a good framework for procurement projects within the Fijian government. The principles are:

- Continuous validation of justification
- Empowering experience
- Clear roles and responsibilities
- Phase Management
- Focus on procurement outcomes
- Manage by exception

These are explained in detail below.

3.2 Principle 1: Continued business justification

There must be a justifiable reason why procurement will occur. These justifications must be valid throughout the life of the procurement process. As such the procurement is driven from the planning stage when justifications to initiate the project are required. These justifications are part of the business case.

Agencies that have not dedicated sufficient time to develop their business case nor verify the alignment of the procurement outcomes to the agency

strategies and to the national development goals will find that they are either wasting resources on procurement or have projects that have duplicated or inconsistent objectives.

If at any stage the procurement can no longer be justified, the project /procurement process must be stopped and consultations made with the Budget Division of the Ministry of Economy to have funds invested elsewhere that will provide more meaningful outcomes.

3.3 Principle 2: Empowering experience

Experience without reflection does not always result in learning. It is through the reflective process that meaning is created and new insights gained. There are some elements of the project that simply cannot be managed through agency executives and departments. Procurement projects are unique and teams involved may not have the knowledge or knowhow to avoid pitfalls. As such this planning methodology requires that at project initiation, previous procurement projects are reviewed and learnings implemented.

As the projects progress, lessons are to be included in all reports and reviewed. At the end of the project, all lessons must be documented and passed on for future projects.

3.4 Principle 3: Clear roles and responsibilities

Successful procurement relies on people. If the wrong people are involved or those involved in the projects are not clear what they should be doing, the procurement project is likely to fail. The three main stakeholders involved in procurements are:

Agency: ensures value for money is achieved and Government strategies are met

User/Recipients: those that will use the goods/service and gain a benefit from the procurement

Technical Support: those that provide technical expertise required for the procurement

Fiji Procurement Office: ensures that regulations, policies and procedures are adhered to

All four stakeholders must be represented in the project team to ensure the outcomes of the procurement are fully met.

3.5 Principle 4: Manage by Phases

Management by phases provides senior management (Permanent Secretary/Heads of Department) with control points at major intervals throughout the project. At each phase the business case is reviewed and the phase deliverables approved. Breaking the procurement process/project into manageable phases allows greater control and accountability.

Our procurement planning methodology divides the procurement planning process into management phases, each phase with its own deliverables. Only on approval can the procurement project move to the next phase

3.6 Principle 5: Focus on procurement outcomes

Effective procurement contributes to improved outcomes. It is not about getting the inputs right, simply for process's sake.

In most cases, agency procurement is input based and a supplier is selected on how they meet the input criteria rather than how they meet the procurement outcome. There is a risk that government procure things that shouldn't be bought but because all the inputs have been achieved it's been highlighted as a success.

The purpose of a procurement project is fulfilling stakeholder expectations in line with business justifications. To achieve this, there must be an understanding of stakeholder expectations with a clear and common understanding of quality expectations and what success looks like for the procurement.

Every procurement decision must be made on achieving benefits and outcomes identified – not on achieving process milestones.

3.7 Principle 6: Manage by exception

Four layers of governance exist within the framework. They are Directing, Managing, Delivery and Oversight. Tolerances are agreed regarding time, cost, quality, scope, risk and benefit. Those executing the procurement can work within these tolerances. Only when deviation to tolerances is

expected, this is referred to the next level of management. This ensures executives' time is not burdened by the project and allows the Project team to manage and execute the project. Authority is delegated from one level of authority to the next by setting tolerances against the following objectives:

Time – Plus/minus from target completion date

Cost - Plus/minus from target completion budget

Quality - Plus/minus from quality target e.g. 7.5 tonne truck with allowable -0.5 tonne to +1 tonne

Scope – Allowed change to product/service procured (e.g. mandatory plus/minus desirable requirements)

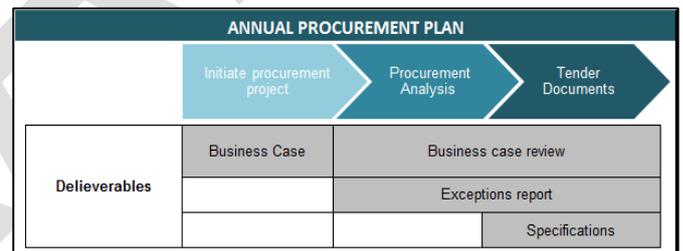
Risk – Limits on aggregated risk e.g. cost of risk is less than 10% of budget

Benefit – Plus/minus from benefit goal e.g. 10% reduction in cost

3.8 Planning framework

Procurement projects are derived from the Annual Procurement Plan ('APP') approved by the PS.

The Procurement project planning framework is divided into three key phases as outlined below.



Each of the phases has its deliverables. The phases are divided by management control points where the deliverables have to be approved by the Permanent Secretary and/or Steering Committee. The project can only move forward upon approval.

The procurement planning framework provides three broad phases with key deliverables for approvals by the Executive. Depending on the complexity of the project, Agencies can create additional phases with additional deliverables relevant for the procurement to be approved.

3.9 Deliverables

Business Case

The business case sets out the policy, business and contract objectives and the issues that affect the decision and the investment. It should seek to establish that the proposed contract will meet the

need, that it is achievable and affordable, and it should address the following:

- identify the business need
- Expected benefits of the procurement
- Expected di-benefits from the procurement
- identify critical success factors
- detail possible alternatives, including existing contracts
- highlight critical risks and potential mitigating strategies
- details of an indicative timescale
- Identify funding sources.

The business case should be prepared with the involvement of key stakeholders, including the end users.

The business case should be prepared with the involvement of key stakeholders, including the end users. It should be approved in line with the agency's policies, procedures and delegations.

The business case is a working document and should form the basis of the post-implementation review and be used as a management tool to ensure that the original outcomes and benefits have been achieved.

Business cases come in all shapes and sizes. They should, however, all have the same purpose, which is to:

- justify the resources and investment or funding necessary to undertake procurement over the whole-of-life
- provide a vehicle for approving funding which supports transparency and probity
- assist the agency to prioritise the project against other public policy/business initiatives.

Not all procurement activities require the development of a business case. Agencies are encouraged to check their agency policy to determine when a business case is required.

The Business Case will be reviewed in every phase. As the procurement project progresses, additional information will be received and assumptions confirmed. This need to be incorporated into the business plan and reviewed by the Executive(s) at every Management points.

Exceptions Report

If the procurement project is expected to exceed the tolerances set by the Executive and/or Steering Committee, the Project Manager must produce an Exceptions report for approval by the Executive. The report will include the following:

- Cause of Exception
- Consequence of deviation
- Options available
- Recommendation
- Lesson learned

Specification Document

A specification document must be prepared as a result of the planning process and provided to the executive for his/her approval. If the procurement is above \$50,000, the specification documents are to be sent to the Fiji Procurement Office for tender advertisement. The Specification will include the following:

- Project Background
- Scope of Procurement
 - Procurement description detailing the need and the problem to be solved
 - Procurement outcomes
 - Key deliverables and timelines
 - Key Stakeholders
 - Risks
 - Assumptions (if any)
 - Statement of Requirements/Specifications
 - Locations and arrangement for delivery
- Evaluation approach

Key Points

- This planning framework is principle based rather than procedural based which allows flexibility for agencies.
- The framework must be followed in conjunction with structures and policies already in place.
- There are three key phases in this planning framework with each phase having its deliverable to approved by the Executive (Permanent Secretary or Head of Division)
- The deliverables are Business Case, Exceptions Report, Tender Documents

4 | Governance

4.1 Accountability

The Permanent Secretaries is the designated accountable responsible for the following:

- a. be responsible for preparing the ministry's or department's Annual Procurement Plan
- b. outlining the requirements of the agency in terms of the procurement of goods, services and works that must be undertaken in a budget period;
- a. ensure that all procurements in their ministry or departments are made with due regard to the guiding principles of procurement outlined in Regulation 3;
- b. execute and manage all procurement contracts signed on behalf of their ministry or department;
- c. ensure that all records and documents relating to procurement and procurement contracts are properly maintained and kept for at least five years,
- d. provide these records on request for the Auditor-General for audit purposes or by the Fiji Procurement Office for compliance checks.

4.1.1 Procurement and financial delegations

All procurement activities must be carried out in accordance with those delegations set out in Regulation 27 of the Procurement Regulations 2010 in summary:

- Permanent Secretaries have delegated \$50,000 and less
- Government Tender Board have delegated authority for procurement above \$50,000

The Permanent Secretaries may delegate procurement authorities within their respective ministries and this must be documented in the Ministries or Departments Finance Manual.

4.2 Risk management

Almost everything we do involves a risk of some kind, for example, stakeholders' needs change, new suppliers enter the market and factors outside our control could delay the procurement or delivery under the contract.

Risk management is the process to identify and assess risks, and then plan and actions to minimise disruption.

There are three fundamental risks inherent in government procurement. These are: procurement outcomes are met.

Delivering: Responsible for preparing the deliverables of the procurement project at appropriate quality within time and budget. This role is carried out by the Project Tea (also called the Evaluation Committee)

- the government doesn't get what it wanted
- the government pays too much
- the government suffers reputational damage.

All Ministries & Departments should have a risk management framework in place that can be used to analyse strategic risks associated with the management of its procurement function, as well as project specific procurement risks.

4.3 Governance Structure

The procurement project management structure has four levels, two of which represents the project team and one represents the Executive Team. The fourth which sits outside the project is the Fiji Procurement Office. They, as per their legislative role, will provide oversight and policy and procedure advice.

Oversight		Fiji Procurement Office	
Executive	Project Team	Directing Permanent Secretary or Steering Committee	
		Managing Project Lead / Chairman	
		Delivering Project Team (Evaluation Committee)	

Directing: Responsible for commissioning the procurement project including appointing the Project lead and defining the project tolerances within which the Project team will work. Approve all deliverables provided for review by the project team

Managing: Responsible for the management of the procurement project within the tolerance set. Ensure the Project specific governance

Prior to undertaking a procurement activity, a number of governance groups needs be established

to ensure the smooth functioning of the procurement process throughout the procurement lifecycle.

4.3.1 Steering committee

The establishment of a steering committee is the prerogative of the PS. This is a group formed to guide the development and progress of a project (as applicable). The chairperson of a steering committee for a government project is recommended to be the Permanent Secretary or a senior executive of the agency responsible for the project.

The steering committee oversees the general progression and direction of the specific project, ensuring risks are identified and managed appropriately, and decisions are made when required. If established, the team will approve the phase deliverables.

The members of the steering committee will normally be the Permanent Secretary/ Head of Department, Procurement Project Manager and Executive (project is part of his/her deliverable and is responsible for the budget). There is no rule to the membership of the steering committee. The Permanent Secretary/head of Department can include any member he/she feels is important for the project.

4.3.2 Project team

During the initial stages of the procurement activity it is important to establish a procurement project team. The team will be established by the Project Manager. The size and composition of the project team will depend on the nature, scope, value and level of complexity and risk of the procurement activity. It is important to assemble and facilitate a team of stakeholder representatives who can devote time and think openly and constructively about solutions.

For a simple procurement the team could be quite small e.g. business owner and procurement specialist and FPO Officer. For more complex procurements a larger team with broader skills and expertise is recommended. This may involve engaging external expertise. For larger teams you could develop a Terms of Reference, or even a Project Charter.

The project team should possess a mix of relevant skills and experiences to enhance on knowledge and requirements, the team composition may include:

- Project Manager

- business user/recipient of services
- subject matter technical expert
- Fiji Procurement office officer
- commercial/financial expert
- legal advisor
- Project Administration (Secretary)

It is advantageous to retain the original project team members, or at least the core team throughout the procurement up to contract management. It is expected that a majority of the Project team will form the Tender Evaluation Committee (as required under the 'Guide to tender & evaluation')

This ensures that the project team is responsible for assessing the needs, defining the specification of requirements, designing an appropriate assessment methodology, assessing offers, inputting into performance standards, measures and developing contractual requirements. Such continuity will strengthen the procurement process and outcome.

If stages in procurement are done by separate individuals or other groups, it can compromise the quality of the outcomes.

Key Points

- The Permanent Secretary is the designated accountable for procurement in Agencies
- Risk management is an essential component of procurement planning
- This planning framework has four governance structures: Directing, Managing, Delivering and Oversight
- Depending on the complexity of the procurement, a steering committee may be established by the PS to direct the project

5 | Roles and responsibilities

The table below defines the key roles and responsibilities associated with the planning stage. Clarity of roles and responsibilities is critical in achieving efficient and effective planning. It is recommended that roles be allocated early in the procurement lifecycle, ideally in the planning stage to provide personnel with the opportunity to be aware of, and provide input into, the planning and sourcing stages.

Where necessary, the same employee can be assigned to more than one role. However, agencies should ensure appropriate segregation of duties. For example, the project manager should not be the Executive. Agencies should provide all staff with the support and training necessary to obtain the procurement skills required to perform their roles effectively.

The roles identified in the table may have alternative naming conventions within each agency. Agencies should interpret roles and responsibilities to align with terminology relevant to their agency.

Roles	Responsibilities
Executive	<ul style="list-style-type: none"> • Permanent Secretaries or Heads of Organisations • provides strategic leadership, direction and oversight of the procurement lifecycle and associated governance in their agency • Approves the Annual Procurement Plan each financial year. • Chairs the Project Steering Committee and is responsible for ensuring the overall objectives of the specific procurement activity are delivered and the proposed benefits realised. The Executive appoints the Project Manager/Chairman
Project Manager (also the Evaluation Committee Chairperson)	<ul style="list-style-type: none"> • is generally a senior executive of the agency with responsibility for the project and reports to the project executive • manages a specific project for which procurement activities are undertaken • determines if a given procurement has been captured on the Annual Procurement plan • establishes the business need prior to commencing the procurement • considers and identifies any related projects to determine if efficiencies can be achieved • coordinates the preparation of project-specific procurement plan, project risk register, offer and contractual documents and any other associated pre-offer documentation • coordinates the development of a scope of requirement and undertakes an analysis of market conditions • identifies and manages agency, project and procurement risks, at all stages of the procurement lifecycle • provides input into the assessment strategy for a project-specific procurement • Reports to the project executive • Reviews all documentation and submits this to the Executive for approval

Roles	Responsibilities
Senior User(s) – Normally a representative from the agency	<ul style="list-style-type: none"> • Defines and verifies user requirement and expectations. Consults with user(s) • Confirms that progress towards intended outcome remains consistent from the user perspective • Provides quality expectations from a user perspective
Technical Support(s) <i>(includes Internal technical specialists and/or external consultants)</i>	<ul style="list-style-type: none"> • Provides technical support for the projects • Responsible for the product/service specifications and ensure they are prepared in line with user requirements and expectations • Verifies the tools, methodologies and techniques for evaluation
Project Support/Secretary	<ul style="list-style-type: none"> • Provide administrative support • Ensures projects are documented in approved standard documentation • Ensures documentations provided to the Executive, TEC, GTB are complete and accurate
Fiji Procurement Office Support	<ul style="list-style-type: none"> • provide advice to agency personnel, on the application of procurement regulations, policies, practices and guidelines • provide procurement support where needed
Project Team / Technical Evaluation Committee (TEC)	<ul style="list-style-type: none"> • Committee established by the Agency to guide the development and progress of a procurement project (as applicable) • the chairperson is the Project Manager • oversees the general progression and delivery of the specific project deliverables, ensuring risks are identified and managed appropriately • responsible for evaluations of procurement proposals/bids and making recommendations for endorsement by the Executive and ultimately approval by the Government Tender Board. • TEC is made up of Project Manager, Senior User (s), Technical Support(s), FPO Support Officer and Project Support/Secretary
Head of Department/Budget Owner	<ul style="list-style-type: none"> • Manages the project and ensure tolerances and scope approved by the Executive is met. If a steering committee if established; the officer will be part of the Committee.
Steering Committee	<ul style="list-style-type: none"> • review APP to identify opportunities for collaboration • review agency procurement procedures or practices to assure compliance with the Procurement Framework • monitor procurement trend data supplied by Fiji Procurement Office at an agency and whole of government level • Approve phase deliverables delivered by the Procurement project team

Key Points

- Clarity of roles and responsibilities is critical in achieving efficient and effective planning
- With the exception of the Executive and FPO Support, a team member can play multiple roles

6 | Annual Procurement Plan

The focus of this step is for agencies to incorporate procurement requirements and processes into its strategic and operational planning at executive level.

Agency planning is essential so that procurement decisions are not made in isolation. Consideration must be given to the overall picture, to enable better coordination leading to economies of scale, value for money outcomes and achieving national development goals.

The importance of this step is outlined in the following table:

Importance of agency planning	
Why is agency planning important?	<ul style="list-style-type: none"> to maximise the opportunities for economies of scale, the delivery of value for Fiji Government and the achievement of national development goals through coordinated processes enables procurement activities to be aligned with strategic objectives to facilitate transparency and accountability in procurement decision-making to promote integrity, impartiality, and ethical behaviour to encourage agencies to allocate sufficient resources to build the capability of staff involved in procurement processes.
What are the risks if agency planning is not performed effectively?	<ul style="list-style-type: none"> an inadequate procurement plan put in place that does not address agency and government objectives ineffective allocation of agency planning resources, without proper consideration of value and risk failure to deliver value for money outcomes reputational risk due to a lack of transparency and

Importance of agency planning	
	accountability in the procurement planning process <ul style="list-style-type: none"> competing objectives being pursued.

6.1 Agency procurement management plan

Procurement planning will be incorporated into the agency's planning cycle in a coordinated manner similar to other corporate plans, as each area of planning influences the other. Agencies will produce, on an annual basis, an Annual Procurement Plan that is approved by the Permanent Secretary.

An Annual Procurement Plan (APP) is a document that lists and summarizes the purchasing estimated for the next (12) months. The purpose of the APP is to give advance notice of the expected nature and timing of procurements and to enable cost effective whole of government procurement

A good APP should:

- provide potential users, which include the management of the agency, project officers, suppliers, FPO, Government Tender Board with useful information about the agency and the environment in which it conducts procurement;
- provide early information about the agency's intended procurements for the period covered by the APP;
- facilitate good procurement planning within the agency; and
- enable the FPO and/or other agencies to recognize those procurements that can be combined and how much do those procurements interrelate.

Appointing an APP Coordinator

The Permanent Secretary must appoint an APP Coordinator. The APP Coordinator must be a senior official of the agency, either at Deputy Secretary/Head or Director Level (either Director Corporate Services or Director Admin/Finance or even the Accounting Heads of the agency).

The Coordinator is responsible for collecting information, drafting the APP, submitting the APP

for review and approval, and managing reviews, updates and procurement throughout the year.

The APP must be reviewed and approved by the Executive (Permanent Secretary)

Further guidance and templates to assist with preparing the APP is provided in the **'Guide to preparing annual procurement plan'**

6.2 Engagement of stakeholders

Early engagement with stakeholders is designed to gain an understanding of market dynamics and whether there is potential to improve the delivery of desired procurement outcomes.

Similar categories of supplies across multiple divisions or agencies offer further opportunities for market-based solutions and establishing whole of government contracts.

One way to systematically review developments and trends in particular market sectors is to carry out regular strategic market sector scanning. This process can assist in:

- refining procurement requirements within a category of supplies
- providing a better understanding of the capability of market sectors relevant to the category
- assessing the capacity of the market and structure of the relevant market sector
- assessing the scope for small and medium enterprise participation
- identifying issues and risks
- clarifying optimal path to market strategies (critical path links).

Ideally, strategic market scanning will inform the market engagement strategies when preparing a procurement activity plan.

6.3 Monitoring expiring contracts

In establishing their procurement functions, agencies need to consider how they will manage and monitor expiring period contracts. These contracts must be renewed or extended prior to their expiry in order to remain valid. This not only ensures continuity of service delivery, but also ensures that the services are governed by current and valid conditions of contract.

Period contracts should be recorded in a register upon award and updated as necessary. It is recommended that this function is performed by the

agency's procurement unit or administration unit to ensure a consistent approach, with one or two individuals responsible for monitoring expiration dates. It is important that agencies consider the amount of time that will be required to renew or extend a contract to avoid a lapse in services.

Market Scan

Understanding the 'Big Picture' and the forces that operate in the wider environment is important. PESTEL is a simple and useful tool to allow you to undertake a scan of your wider environment.

PESTEL is a mnemonic standing for:

- Political
- Economic
- Socio/cultural/demographical
- Technological
- Environmental
- Legal

Start by brainstorming each element of PESTEL. After the brainstorm think about what the findings mean for your procurement and identify factors that could impact positively and negatively. Then draw conclusions from this information that will inform the approach you will take.

Key Points

- The purpose of the APP is to give advance notice of the expected nature and timing of procurements and to enable cost effective whole of government procurement. It also allows Ministries & Departments to see opportunities for consolidation
- Before preparing the APP, agencies must conduct stakeholder engagement to ensure they gain a general understanding of the market dynamics and expected/needed outcomes.

7 | Define our need and prepare specifications

The focus of this step is on agencies to clearly and effectively articulate the desired procurement requirements and associated outcomes in preparation for planning the procurement approach.

The importance of this step is outlined in the following table:

Importance of defining our need	
Why is defining our need important?	<ul style="list-style-type: none"> enables a clear and consistent understanding amongst stakeholders of the business need to be met by the procurement activity enables procurement activities to be aligned with agency strategic objectives and national development goals. enables the objectives of the procurement activity to be clearly defined and understood to maximise the opportunity to undertake consultation prior to undertaking the procurement activity.
What are the risks if defining our need is not performed effectively?	<ul style="list-style-type: none"> poor identification of needs may lead to incorrect goods and services being sought and variations resulting in additional time, effort and cost a procurement outcome that does not meet the agency's strategic objectives and/or national development goals. a lack of buy-in from affected stakeholders due to a lack of consultation throughout the procurement process procurement decisions made without an evidence-base.

7.1 Planning Process in summary



7.2 Determine business need

Procurement is a means to satisfy a business requirement. Understanding the business need is one of the key drivers of the entire procurement process. This is started by clearly defining the business need for the purchase and specifying what is to be purchased.

“A clear and justifiable business need linked to the agency's strategic objectives or procurement strategy needs to be established”

Very simply a need is something that an organisation must have. Not meeting needs leads to problems. Procurement assists the organisations to solve/avoid problems and sets the organisation for strategic success. Procurement, therefore should not be taken lightly and not treated as an afterthought. Understanding what procurement can do for the organisation is important and this starts with understanding of the organisation's needs.

A clear and justifiable business need linked to the agency's strategic objectives or procurement strategy needs to be established. Options to satisfy this business need (including non-procurement alternatives) are to be explored to determine whether procurement is the best means to deliver a value for the outcome. There may be an existing contract that can meet the identified need (including across government contracts).

Without a full understanding of the public policy/business needs that are to be addressed it is impossible to write a comprehensive specification of the required goods or services. Specifications are an articulation of organisational needs. Therefore:

- If the specification of requirements is lacking the resulting evaluation criteria will not target the critical factors which determine success.
- If the supplier is selected on the basis of poorly crafted evaluation criteria the supplier may not have the appropriate capacity and capability to successfully deliver against the needs.
- Without accurately describing the needs the resulting contract documentation, including the description of deliverables and key performance measures, will not lead to successful delivery. The needs will not be met and the procurement will have failed.

7.2.1.1 Objectives of the procurement activity

Before proceeding with a procurement activity, agencies should clarify the context, background and key objectives for the procurement. Procurement objectives should be based upon a clear understanding of the business needs, and the inclusion of a market approach which reconciles the business needs with the character of the supply market. Specific procurement objectives are likely to relate to quality, service, cost, risk, social, and environmental factors. Objectives need to be realistic, measurable and capable of being achieved in light of the specific procurement strategy proposed.

7.2.2 Procurement activity budget

Agencies must estimate the value of the supplies prior to commencing a procurement activity. Prior to commencing a procurement activity, the Project Manager will verify that the projects are part of the Budget and Annual Procurement Plan.

The estimated value of the supplies is not published as standard practice. However, as part of some procurement processes (particularly where the supply is complex and/or difficult to

define) it may be appropriate to include an estimated value, benchmark or comparator to assist respondents with preparing their offer.

Unless there are exceptional circumstances, agencies should not use budget limitations to terminate a procurement process once the request has been put to the market. Agencies should first explore other options, reduction in scope.

7.2.3 Stakeholder Consultation

The first step is to consult with key stakeholders and develop a high level statement of needs. The quality of research and analysis, to identify the public policy/business needs, at this stage will seriously impact upon the quality of the solutions and results you achieve.

Stakeholder consultation involves the development of a constructive, productive relationship with key individuals, groups or organisations involved or influenced by the current procurement activity. Stakeholder consultation may result in a relationship of mutual benefit, and help identify trends and emerging challenges which may make an impact on the procurement activity. Stakeholder feedback and information is valuable in improving outcomes and may help identify and control external risks.

It is important to identify key stakeholders, both internal and external, and consult to determine their needs. Consider the following in your stakeholder consultation

- What is the purpose of the procurement?
- Who will be impacted by the procurement?
- Who are the key stakeholders and what are their expectations?
- Who are major external users or recipients of the goods/services and what are their highest needs?
- What similarities and differences become apparent between the needs of the two groups?

The consultation should aim to ensure that:

- stakeholders constructively engage and have 'buy-in'
- stakeholders are able to self-identify their current, predicted and emerging needs
- the consultation elicits information about individual and collective needs

From the consultation it will be important to:

- distinguish ‘needs’ from ‘wants’ and ‘desires’
- remove ambiguity, achieve clarity and obtain consensus
- bundle needs into related groups
- prioritise groups and ranked
- develop an articulate, clear, comprehensive high-level statement of needs
- obtain stakeholder verification and endorsement of the statement of needs.

Consultation with key stakeholders should consider the purpose of the procurement, those parties impacted by the procurement, the key stakeholders and their expectations, as well as

RASCI stakeholder categories

A useful tool to help identify different categories of stakeholder is RASCI

R = responsible	The person who is ultimately responsible for delivering the project and/or task successfully
A = accountable	The person who has ultimate accountability and authority; they are the person to whom ‘R’ is accountable
S = supportive	The person or team of individuals who are needed to do ‘the real work’
C = consulted	Someone whose input adds value and is essential for successful implementation, or from whom you need to gain ‘buy-in’
I = informed	The person or group who need to be notified of results or action taken or results achieved but don’t need to be involved in the decision making or delivery

the needs of any major external users or recipients of the supplies.

7.2.4 Statement of Needs

The statement of needs is recommended to be prepared by the Agency. It will inform the:

- type and extent of market research and analysis
- sustainability opportunities, issues, risks – linking social, economic and environmental goals together
- identification of a range of solutions
- solutions options appraisal
- development of specification of requirements detailing the nature and scope of the goods/services that will be required to satisfy the needs
- development of evaluation criteria and weightings.

7.2.5 Review previous procurement

A review of previous procurement will assist Agencies in how to proceed with procurement projects. Lessons learnt from previous projects can be applied and continuous improvements made.

If it is a new initiative for your agency, it is advisable to consult other agencies that may have current or recent experience of delivery. If a formal review of the previous procurement has been undertaken obtain a copy of the report.

“Actively seek feedback from everyone involved in the previous procurement to identify lessons learned”

Otherwise, actively seek feedback from everyone involved in the previous procurement to identify lessons learned. Consider how these lessons can inform and add value to your procurement going forward.

Spend Analysis: It is also important to quantify the whole-of-life costs and spend and cost trends. Compare this figure with your estimate budget. If they do not match, this will need to be brought to the Permanent Secretaries’ attention for decision. If the budget is fixed you may need to reconsider what level of needs can be met.

7.2.6 Market Analysis

The objective of market analysis is to develop a thorough understanding of the current nature of the market and how it may impact on procurement activities and the approach to market. Having a thorough understanding will ensure that informed

and value adding procurement decisions are made.

There are various avenues available to obtain information about the market, including:

- own knowledge
- previous experience
- internet research
- existing business and industries
- other buyers
- market analysis consultant
- professional bodies
- industry bodies
- FPO market analysis

In addition, market engagement ensures agencies gain an understanding of the changing aspects of the market and identify where improvements can be made to enhance desired procurement outcomes. Engaging with the market can help:

- refine procurement requirements
- provide a better understanding of the capability of market sectors
- assess the capacity and structure of the market

- assess the scope for participation
- identify potential issues and risks
- clarify ideal pathways to market strategies.

7.2.7 Undertake industry briefings

Sometimes it is more effective just to talk to suppliers and get their input. An agency may provide prospective suppliers an opportunity to attend a briefing to discuss the agency's requirements for a specific procurement activity before advertising the opportunity.

Project teams must carefully consider the timing of industry briefings, particularly when a procurement activity is out to market. It is important to allow sufficient time for industry to see the briefing opportunity and subsequently prepare their offer following the briefing.

Agencies may consider opportunities to provide industry briefings as part of their APP preparations.

In a situation where you can identify the needs, but are not sure of the solution you can seek supplier input through a Request for Information (RFI) or even organise a supplier briefing session. Make sure you consult a cross-section of businesses and are open to new players and new solutions.

Balance of power - Porter’s Five Forces Model of Competition *

A simple tool to help determine where the balance of power lies in the market is Porter’s Five Forces Model of Competition. This tool assumes that there are five important forces that determine competition and rivalry. These are:

Supplier power: Here you assess how easy it is for suppliers to drive up prices. Factors include the number of suppliers, the uniqueness of their product, their control of buyers etc.

Buyer power: Here you assess how easy it is for buyers to drive prices down. Factors include the number of buyers, the importance of each buyer to the supplier’s business, the cost of buyers switching suppliers etc.

Competitive rivalry: Here you assess the number and capability of suppliers. If there are many suppliers that all offer equally attractive goods/services then suppliers have little power. On the other hand if there are few suppliers or great distinction (differentiation) between goods/services suppliers have more power

Threat of substitution: Here you assess how easy it is for buyers to find substitute (alternative) goods/services. If the goods/services are easily replicated there is a strong threat of substitution from other suppliers. This weakens suppliers’ power.



**Extracted from 'Mastering Procurement' | Ministry of Economic Development, New Zealand*

7.3 Existing contracts

Prior to planning the procurement approach and proceeding to market, agencies should determine whether there is an existing contract under which the supplies must or may be obtained from. This may include:

- Whole of Government contract managed by Fiji Procurement Office
- Agency specific contracts.

7.3.1 Whole of government contracts

If the supplies are available under an existing whole of government contract, the supplies must be obtained under that contract unless otherwise stated in the contract. Information on whole of government contracts are available the website for Fiji Procurement Office in www.fpo.gov.fj

7.3.2 Agency specific contracts

Agency specific contracts are contracts arranged for a single government agency. The agency, for which the contract is arranged, is mandated to use the contract. In some cases, it may only be mandated for a Ministry. It is recommended that agencies clearly communicate with their staff any contracts that are mandated for use and provide instructions on how to access the contract.

Agencies may explore the utilisation of period contracts established by other agencies with consultation with Fiji Procurement Office. The agency must be able to demonstrate that accessing another agency/government's contract will deliver best value for money over other the preferred procurement method for the relevant tier.

7.4 Project specific risk management

Risk is inherent in for all projects. As part of the planning process, specific project risks should be identified and assessed in accordance with the agency's risk management framework. It is recommended that the project team keeps a project risk register that will consider risks across all stages of the procurement lifecycle. The register would, at a minimum, include identified risks, strategies, actions, owners and resolution dates.

The project team should keep a project risk register that will consider risks across all stages of the procurement lifecycle.

The basic principle is that management of a particular risk should be allocated to the party best placed to manage it. Project managers should be prudent when transferring the responsibility for the management of risks between parties. Clear communication and acceptance of risk transfers are required.

The risk register should consider risks in all stages of the procurement lifecycle. It is an active document which should be added to, updated, corrected and completed as required throughout the lifecycle. The creation of a risk register is particularly important for high risk contracts.

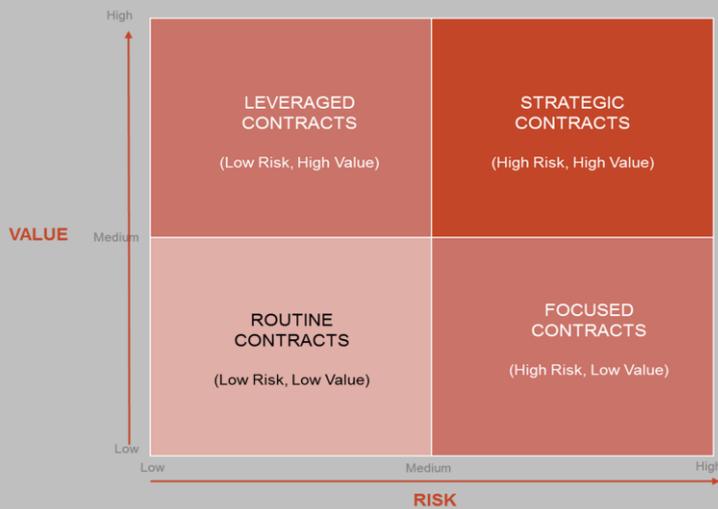
A template risk register is provided in www.fpo.gov.fj

Value and risk segmentation

In addition to establishing a risk register, it is recommended that project staff undertake value risk segmentation (VRS) to guide the procurement approach. Segmenting contracts based on value and risk in the planning process is required to effectively identify the key activities and resources required to plan, source and manage a specific contract.

Below is a classification framework that categorises contracts into one of four types, segmenting contracts on the basis of value and risk, resulting in the following classifications:

- routine contracts (low risk, low value)
- leveraged contracts (low risk, high value)
- focused contracts (high risk, low value)
- strategic contracts (high risk, high value).



A copy of the VRS should be kept with the procurement records. The VRS tool is provided at **P18: Value risk segmentation tool**.

The table below outlines the recommended planning approach for each contract classification as determined by the VRS. Procurement activities identified as high risk and high value require experienced project managers and greater rigour than those identified as low risk. As a result, the approach to each planning step can vary.

Agency Priority	Description	Approach	Arrangement
Leveraged Security of supply	<ul style="list-style-type: none"> • Low-cost goods/services • Strategically important • Shortage of reliable suppliers 	Ensure supply	<ul style="list-style-type: none"> • Long term contracts • Build reserve of stock • Consider alternative products
Strategic Security of supply at a good price	<ul style="list-style-type: none"> • High costs specialist goods/services • Limited number of suppliers 	Manage suppliers	<ul style="list-style-type: none"> • Med/long term contract • Contingency planning
Routine Purchasing efficiency	<ul style="list-style-type: none"> • Routine purchases • Low-value/low-risk goods/services • Many potential suppliers 	Minimal attention	<ul style="list-style-type: none"> • One-off contracts/purchase orders • E-purchasing • Procurement cards
Focused Improving profit through costs savings	<ul style="list-style-type: none"> • High cost/low risk goods/services • Many potential suppliers 	Drive savings	<ul style="list-style-type: none"> • Short term contracts • Ongoing active sourcing for competitive price

7.5 Prepare Specifications

A Specification (or scope of requirement) is the statement of a need or requirement to be procured which clearly and accurately describes the essential requirements for supplies. Once a contract has been awarded, this becomes a key document in the contract management stage of the procurement lifecycle.

Key questions

The following questions may help in developing the specification of requirements:

- **Why** are we doing this?
- **What** results do we need to achieve?
- **How** will the goods/services be delivered?
- **How well** – what quality and standards apply?
- **How much** – what quantity or volume is required?
- **Where** will the goods/services be delivered?
- **When** will the goods/services be delivered – term of contract?

Who will be involved in the delivery: supplier / contract manager etc.?

The following table details key characteristics of a good scope of requirement:

Characteristics	Explanation
Complete	The scope of document is contained in one document with no missing information. If the nature of the procurement requires more than one document, the documents should be clearly structured and linked with no repetition or overlap.
Unambiguous	Each requirement is concisely stated without recourse to technical jargon, acronyms (unless defined elsewhere in the document). It expresses objective facts, not subjective opinions. Vague language is avoided. Negative statements and compound statements are discouraged.
Consistent	Each requirement is consistent with all others and any external documents that are referenced.

Characteristics	Explanation
Current	Each requirement is current and can, in some cases, be future focused to meet planned or predicted future needs.
Feasible	Each requirement can be implemented within the constraints of the project including the budget.
Traceable	Each requirement can be tracked back to a stated public policy/business/stakeholder need and is authoritatively documented.
Verifiable	The implementation of the requirement can be determined through one of four possible methods: inspection, demonstration, test or analysis.

7.5.1 Structure of a scope of requirement

The success of the procurement activity relies on the scope of requirement being a true and accurate statement of the agency's requirements. Apart from being a means of identifying the supplies required, a scope of requirement may form part of any future contract.

A scope of requirement should:

- state the requirement clearly, concisely and logically in functional and performance terms
- state what the supplies/services will be used for
- include enough information for suppliers to decide what level of quality is required
- state the criteria and scope
- provide equal opportunity for all potential businesses and industry
- assist in forming the fundamental basis of the contract between buyer and seller.

The scope of requirement should not specify brand names for supplies without clearly stating that equivalents are allowed unless there is a clearly defensible and demonstrable benefit to government.

Test your specification of requirements against the **5 Rights**:

- Right quality
- Right quantity
- Right place
- Right time
- Right price

7.5.2 Sustainable deliverables

Sustainability considerations should be addressed as an important component of the overall procurement strategy and where appropriate detailed in the specification of requirements as deliverables. This is particularly the case if significant sustainability impacts have been identified during the business needs analysis.

Consider the following points when thinking about sustainability.

- strategies to avoid unnecessary consumption, improve efficiency and reduce waste
- minimise the environmental impact of the goods/services over the whole-of-life
- calculate value-for money over whole-of-life – encompassing sustainability impacts and efficiencies
- consider the environmental credentials of the goods/services
- consider the suppliers' sustainability credentials
- consider the suppliers' approach to corporate social responsibility
- help foster a viable Fijian market for sustainable products and services by supporting businesses and industry groups that demonstrate innovation in sustainability.

7.5.3 Quality Control

Quality control is about setting the Performance standards required. Performance standards are quantifiable units of measurement used to assess the extent to which the contractual outputs have been achieved. When applied to the supplies they allow the buyer to clearly set the parameters for success.

Outputs should be evaluated using the following performance measures:

- Quantity: how much or how many?

- Quality: how well?
- timeliness: the frequency and promptness - this might include turnaround times, waiting times or response times
- cost: unit cost, or total cost
- user satisfaction: the level of customer satisfaction regarding any of the above, as well as their specific requirements
- Continuous improvement: rates of improvement in any of the above measures over time.

Agencies should select key performance indicator's (KPIs) and performance measures that are relevant and which can be measured. Potential examples include:

- delivery or response times within agreed timeframe (e.g. 1 hour response time)
- timeframes or completion dates, e.g.
 - percentage or proportion of milestones met on time
 - completion of performance by due date
- complaint resolution
- prompt advice of any problems and resolution
- acceptance of deliverables (e.g. recommendation report)
- customer satisfaction with the services

Request for proposals or tenders?

Where the nature of the procurement is such that you are able to define what the outcomes are, but not necessarily how they will be delivered, you may opt to proceed to market by way of a **Request for Proposals**. This is where **performance** is the driver and can be clearly articulated. Suppliers can offer different solutions, so long as the performance meets your needs. In this scenario you are likely to be open to receiving innovative alternative solutions.

Where it is important to state how something needs to be done, then a **conformance** approach may be best. Suppliers must offer a solution that exactly matches your specification. In this situation you may opt to proceed to market by way of a **Request for Tenders**.

delivered (e.g. satisfaction surveys)

- cost tracking (e.g. percentage or proportion of costs that have been invoiced benchmarked against the agreed contract costs)
- delivery accuracy (e.g. percentage of deliveries that match orders)
- Service resolution (e.g. percentage or proportion of issues resolved first time without follow up/escalation).

The chosen measures must be clearly outlined in the scope of requirement to enable reporting in the contract management stage of the procurement lifecycle.

7.5.4 Endorsement and approval of the Specification

The Specification documents is the phase deliverable for planning and must be endorsed by the Permanent Secretary and/or Steering Committee before being sent to Fiji Procurement Office for advertisement.

Key Points

- Understanding the business need and the problem you are trying to solve is one of the key drivers of the entire procurement process
- There are 6 suggested steps in Planning. These are Initiation (Business case), Stakeholder consultation, Review previous procurement, Market analysis (includes industry briefing), Risk analysis and Specification preparation
- Specification is part of the Tender documents. This needs to be approved the PS and/or steering committee.

8 | Plan the procurement approach

The focus of this step is on identifying the most appropriate way to approach the market to facilitate the achievement of best value for money. It is the last step in planning before the sourcing stage commences.

The importance of this step is outlined in the following table:

Importance of planning the procurement approach	
Why is planning the procurement approach important?	<ul style="list-style-type: none"> to elicit offers from suppliers that meet agency needs enables the most appropriate procurement approach is undertaken based on findings from market engagement and analysis to facilitate the achievement of value for money outcomes.
What are the risks if planning the procurement approach is not performed effectively?	<ul style="list-style-type: none"> an inappropriate approach to the market may result in a poor or ineffective responses from the market, resulting in additional time, effort and cost confusion from suppliers as to the requirements of the agency, resulting in supplies being offered that do not meet agency needs responses from the market that do not provide Value for money.

8.1 Open and competitive approach

Procurement processes that are open, transparent, competitive and non-discriminatory ensure that all potential businesses and industries with capacity to deliver the requirement can submit an offer and can competitively bid for government contracts.

As outlined in the table below, the preferred market approach differs according to the tier:

Tiers (VAT inclusive)	Preferred approach	Other considerations
Less than \$50 000	<ul style="list-style-type: none"> Quotation (via select invitation) Use of FPO managed Whole of Government contract (if available) 	<ul style="list-style-type: none"> requires minimum of three written quotation
\$50 000 or more	Open Tender	<ul style="list-style-type: none"> alternative and restricted procurement methods available where endorsed by the Permanent Secretary

8.2 Determine procurement method

Agencies will need to identify the procurement method most appropriate to facilitate the delivery of best value for money based on an assessment of complexity, scope, opportunities and risks associated with the procurement objectives, as well as the level of competition in the supply market.

A range of factors can influence the type of procurement method used, including:

- cost and price requirements or restrictions
- complexity and size of the required supplies
- timeframes/implementation
- availability
- skill requirements
- market trends
- risk factors

Regardless of the procurement method chosen, the decision must be defensible.

The methods of procurement allowed by the Procurement Regulations 2010 for procurement above \$50,000 are as follows:

- Open tendering
- Two stage tendering
- Prequalified tendering
- Selective tendering
- Single source procurement

Detailed explanations of procurement methods are available in the 'guide to tender & evaluation'

8.3 Consideration of Fijian business participation

It is important to ensure that, wherever possible, opportunities are given to Fijian businesses to compete. This is especially the case with small to medium sized enterprises. Although agencies cannot favour Fijian suppliers, they must provide an even playing field and endeavour to ensure that local businesses and industry are given a full, fair and reasonable opportunity to compete for government opportunities.

This may include:

- conducting rigorous market research to identify Fijian enterprises with relevant capability and capacity,
- addressing the risks of excluding Fijian enterprises by avoiding procurement activities (where relevant) that:
 - are overly-complex
 - are of a scale that exceeds the capacity of Fijian enterprises
 - contain unnecessary mandatory requirements
 - contain incomplete or ambiguous information
- structuring procurement activities that align to local workforce skills identified in market research, making it easier for suppliers to plan for local participation in their offers
- Considering the potential for disaggregation of a large procurement scope into smaller contracts to give Fijian enterprises with limited capacity the opportunity to win contracts e.g. from Fiji wide supply to area specific contracts. This would require an examination of the benefits vs the loss of economies of scale to ensure that value for money will still be achieved.

When selecting local participation, agencies may seek responses in relation to:

- enhancement of industry and business capability in Fiji (i.e. the extent to which the offer will improve the Fiji business environment and subsequent benefits to Fijian consumers)
- improved capacity and quality in supply and service response (e.g. improved practices and training or a local presence)
- accredited training programs supported by the business
- proposed level of usage of apprentices and trainees
- proposed number of jobs for the Fijian people
- development opportunities
- research and development being undertaken or proposed.

It is advisable that an evaluation weighting be allocated to local content if this will be beneficial for the country.

8.4 Determine process plan and timeline

8.4.1 Determine process plan and timetable

Determining an efficient process and following a timetable and schedule of progression will assist in improving and streamlining methods while enhancing productivity as well as:

- defining outputs and identifying inputs needed
- defining goals and specific measures
- identifying agendas and time constraints
- ensuring documentation, record keeping and efficient consultancy is undertaken.

Plans need to include a realistic timetable for processes. This involves identifying each step in the process, assigning responsibilities, ensuring sign-offs and approvals are built in and plenty of time is allowed.

8.4.2 Determine budget considerations

It is important to factor in financial considerations when undertaking procurement activities. Budget constraints can limit, restrict or otherwise impacts

on the procurement objectives; therefore it is important to outline projected financial implications to ensure an accurate determination of the required budget is established. In order to be useful, a budget should be outlined for a specific time period, showing expected costs and benefits.

Determining budget considerations will assist in:

- accurate forecasting
- identifying goals
- identifying limitations
- timely and accurate information
- identifying required delegate approvals.

8.4.3 Determine period of contract

Period contracts are contracts spanning a period of time which have been arranged for convenience and economic considerations, giving contractors a reasonably assured, or in some circumstances guaranteed, volume of business during the contract period.

Period contracts are appropriate for supplies which are regularly required and conform closely to commercial standards. Where a period contract is to be established, the request for offer is to clearly set out the term of the period contract and any extension options available to government.

Period contracts may be established as a:

- **Standing offer:** these are continuing offers to provide supplies as needed (e.g. stationery). Although estimated quantities are generally provided, government does not bind itself to any specific quantity. The period contract establishes the prices/rates and conditions under which supplies will be provided, if required, over the contract period.
- **Fixed scheduled service:** these are where government binds the contractor to provide set requirements (e.g. daily cleaning services). The period contract establishes the prices/rates and conditions under which supplies will be provided, over the period of the contract.
- **Combination of both:** these have elements of both of the above. Government will require set requirements to be provided and also allow for requirements to be obtained as and when required.

8.4.4 Determine insurance requirements

It is important to factor in any relevant insurance requirements during the planning stage. The types of insurance required will depend on the procurement activity. The table below outlines four standard types:

Insurance type	Description
Accident Compensation	Contractors that will be employing workers (as defined in the Act) have a duty to report accidents to the Permanent Secretary responsible for Employment and Accident Compensation Commission Fiji (ACCF). The scheme is funded from the 1% FNU levy. Agency must obtain a Compliance letter from FNU levy and grants department for the supplier.
Public liability	Public liability insurance covers the contractor's liabilities to third parties arising out the contract. Public liability insurance protects the government against the financial risk of being found liable to a third party for death or injury, loss or damage of property or "pure economic" loss resulting from the contractor's negligence.
Product liability	Product liability covers the contractor's liabilities arising out of the goods supplied under the contract. Product liability insurance protects the government in the event that a contractor sells supplies or delivers goods in the form of repair or service that causes injury, death or damage.

Insurance type	Description
Professional indemnity	Professional indemnity covers the contractor's liabilities arising out of the services provided under the contract. Professional indemnity insurance protects the government from legal action taken for losses incurred as a result of the contractor's professional advice. It provides indemnity cover if someone suffers a loss – material, financial or physical – directly attributed to negligent acts of the contractor.

All Fiji Government arranged contracts require the contractor to have the ACCF compliance letters and where relevant the public liability insurance. In addition to those listed above consideration should also be given to other types of insurances that may be applicable to the supplies (e.g. carrier's liability insurance etc.).

Agencies should not issue a request for offer without the mandatory insurance requirements. If a respondent seeks to exclude a mandatory insurance, the agency will need to consider the risks of granting such a request as part of the assessment.

8.4.5 Identify contract type

Generally, agencies will establish a contract for supplies based on the applicable conditions of offer and conditions of contract. Agencies must seek legal advice from the Solicitor General on all contracts.

8.5 Assessment criteria for Tenders

As part of the planning process, the agency should develop the assessment criteria. This should form part of the tender documents. This outlines the evaluation criteria, weightings and scoring methodology to be used.

The evaluation criteria should be included as part of the procurement plan for approval by the Executive (Permanent Secretary/Head of department)

8.5.1 Evaluation criteria

Evaluation criteria will need to be evident in all requests for tenders and form a basis on which

these offers will be assessed. Weightings are given to selected assessment criteria and to form a basis on which calculations will determine the offer that represents best value for money.

The types of assessment criteria are recommended are as follows:

- **Past performance & experience:** includes consideration of previous standard of work and product quality, performance history, previous disputes and claims, references, safe and fair workplace records, past performance in delivering local benefits.
- **Local content:** includes consideration of local presence, proposed number of jobs for Fijians, enhancement of local business capability, training programs supported by the supplier, development opportunities, research and development being undertaken in Fiji.
- **Timeliness:** includes consideration of the completion/delivery time offered, length or vulnerability of the supply chain, compliance with timeframes set by the agency.
- **Capacity:** includes consideration of the supplier's ability to carry out the works, perform services or supply products, knowledge and expertise of staff, number of contracts currently in progress, financial capacity, risk management and quality assurance. (*Regulation 36 of Procurement Regulations 2010*)
- **Innovation:** includes consideration of new technology and alternative solutions.
- **Scope specific:** includes consideration of technical requirements, environmental requirements and specific expertise and experience.
- **Price:** includes consideration of upfront costs, whole-of-life costs and any other facts that may impact the monetary cost to government.

It is advisable that the evaluations criteria not to be changed once a request for tender has closed. It is therefore vital to ensure that the right criteria are selected prior to approaching the market.

8.5.2 Assessment weightings

Assessment is to be carried out using a comparative analysis of the scores given to each offer against each weighted criterion. The percentage weighting allocated to each assessment criterion will differ between procurement activities depending on the agency's specific requirements (for example importance, complexity or risk).

The following rules may apply to assessment weightings:

- **Local content** must be weighted at a minimum of 30%.
- **Price** cannot be weighted higher than 30%.

8.5.3 Tender Evaluation Committee (TEC)

The chairperson of the assessment panel is the person responsible for managing and coordinating the procurement project (Project Manager). The committee will be made up of members of the Project Team that was part of the planning process.

Committee members assess offers and make a recommendation on which offer provides best value for money. The committee must seek concurrence from the Executive before the Report is submitted to Government Tender Board through Fiji Procurement Office.

They need to be able to maintain probity and confidentiality, act in accordance with the assessment plan, and defend their decisions (including scoring outcomes) when subject to third party review.

Fiji Procurement Office must be invited to be party of the TEC. The Head of Procurement will make a decision whether FPO needs to be represented based on the complexity of the tender.

"The evaluation committee will be made up of members of the Project Team that was part of the planning process"

8.5.4 Scoring methodology¹

The agency should identify in the assessment plan the scoring scale to be used. The recommended scoring scale is as follows:

Rating	Definition	Score
Excellent	Exceeds the requirement. Exceptional demonstration by the supplier of the relevant ability, understanding, experience, skills, resource and quality measures required to provide the goods /	5

	services. Response identifies factors that will offer potential added value, with supporting evidence.	
Good	Satisfies the requirement with minor additional benefits. Above average demonstration by the supplier of the relevant ability, understanding, experience, skills, resource and quality measures required to provide the goods / services. Response identifies factors that will offer potential added value, with supporting evidence.	4
Acceptable	Satisfies the requirement. Demonstration by the supplier of the relevant ability, understanding, experience, skills, resource, and quality measures required to provide the goods / services, with supporting evidence.	3
Minor Reservations	Satisfies the requirement with minor reservations. Some minor reservations of the supplier's relevant ability, understanding, experience, skills, resource and quality measures required to provide the goods / services, with little or no supporting evidence.	2
Serious Reservations	Satisfies the requirement with major reservations. Considerable reservations of the supplier's relevant ability, understanding, experience, skills, resource and quality measures required to provide the goods / services, with little or no supporting evidence.	1
Unacceptable	Does not meet the requirement. Does not comply and/or insufficient information provided to demonstrate that the supplier has the ability, understanding, experience, skills, resource & quality measures required to provide the goods / services, with little or no supporting evidence.	0

¹ Based on the UK Office of Government Commerce rating scale

Key Points

- Agencies will need to identify the procurement method most appropriate to facilitate the delivery of best value for money for a procurement project
- Where possible, opportunities must be given for Fijian businesses to compete
- Process plan must be determined and should form part of the specifications
- Relevant evaluations criteria must be determined at planning stage and form part of specifications
- The specifications must be approved by the PS and/or steering committee. This is an important phase deliverable.

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