

Procurement and Logistics Analysis Report

August 2021 to July 2022

Fiji Procurement Office

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Ministry of Economy

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Disclaimer

The Fiji Government is committed to quality service to its customers and makes every attempt to ensure accuracy, currency and reliability of the information contained in this publication. However, changes in circumstances over time may impact on the veracity of this information.

NOTE ON PROCUREMENT ANALYSIS

August 2021 to July 2022

This analysis is being prepared to assist the Government Tender Board (GTB), Fiji Procurement Office (FPO) staff, internal Ministry of Economy staff and other internal stakeholders with procurement decisions and analysis. The goal is to provide stakeholders with relevant information on the tender activities to assist them in future decisions.

The analysis is based on GTB and Minister approved procurement data together with logistics clearance entries from ASYCUDA. This report has been prepared in accordance to international best practices. A wide range of data is provided to assist stakeholders to make their own evaluations.

While we have included our own evaluations, we point out that our analysis looks at the key focus areas for FPO. Different stakeholders will view the data differently and we encourage you to look at this report holistically.

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BACKGROUND

Fiji Procurement Office (FPO) formulates policies, provides advice to Agencies and manages Whole of Government contracts for commonly used goods and services for the Fijian Government.

FPO was established under Regulation 4 of the Fiji Procurement Regulations 2010 and commenced operations on 1 August 2010. The establishment of the Office under the new Fiji Procurement Regulations is a direct result of the re-organization of the Government Supplies Department. FPO comes under the Ministry of Economy.

Functions

The main functions of the Fiji Procurement Office are to regulate and administer the procurement of goods, services and works for the Government. This includes:

- The formulation of appropriate procurement policies and processes that uphold the guiding principle of procurement;
- The processing of all Government tenders for good, service and works valued at over \$50,001;
- The provision of Secretariat Support for the newly established Government Tender Board;
- The provision of logistical support for the administration and distribution of goods purchased from overseas; and
- Conducting compliance assessments of procurement functions and activities across the whole of Government.

The Warehousing and Retail functions that used to be provided by the Government Supplies Department have been phased out.

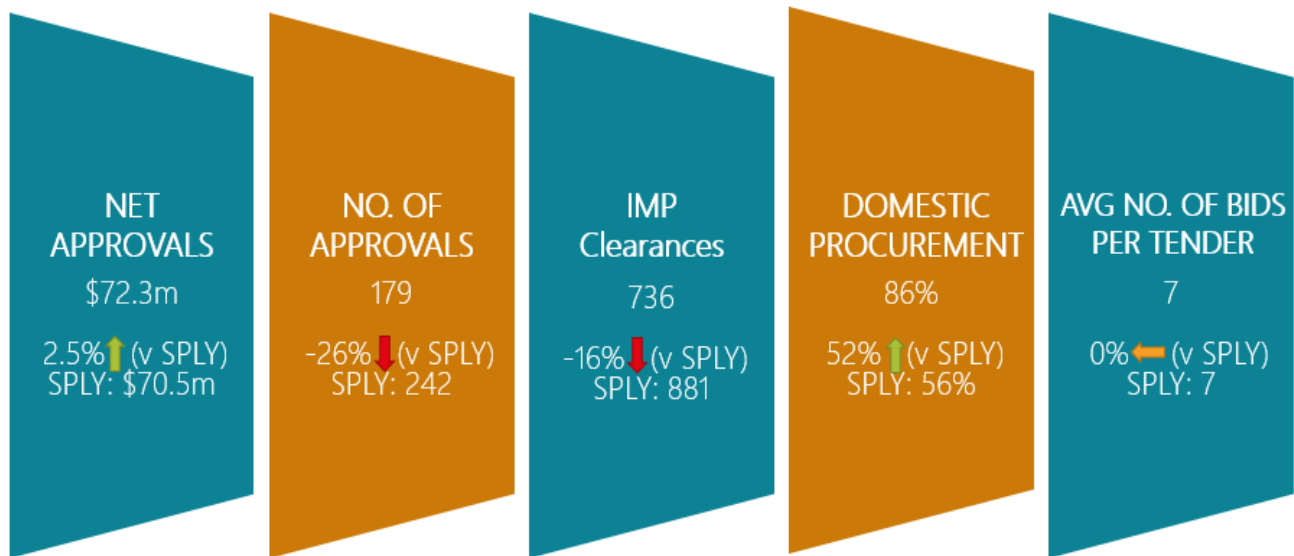
The approval authority for the procurement of Goods, Service & Works above \$50,001 is the Government Tender Board.

Please note that FPO does not administer ICT procurement. This is administered by the Department of Information Technology and Computing Services.

REPORT SUMMARY

The Ministry of Economy through the Fiji Procurement Office runs reports for Government Tender Board and key internal stakeholders. The goal is to provide agencies with relevant information on their tender activities to assist them in future decisions.

Government procurement is necessary to provide for public goods and services to the people of Fiji and help improve the socio-economic condition for every Fijian. Ensuring Government procurement, in particular tenders, is done effectively and in a timely manner is important.



Key Focus Areas



Target closing tenders within 90 days as allowed under Procurement Regulations 2010.

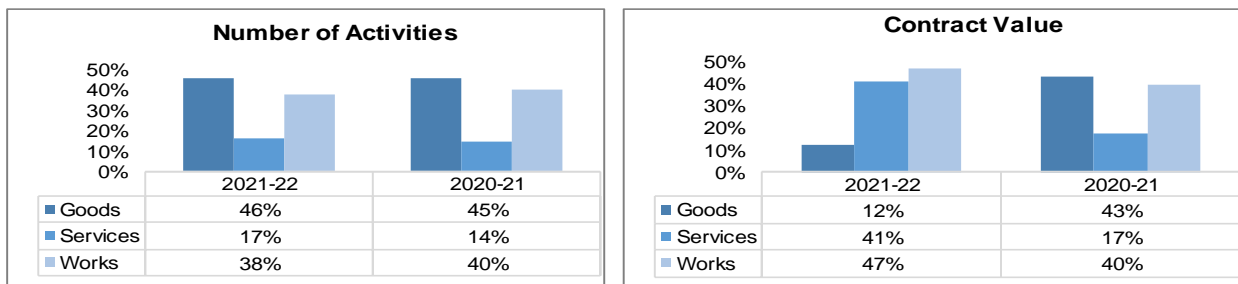
Relook at Procurement Strategy for to counter variation risks associated to public contracts.

Review logistics methodology in Technical Evaluations of tenders and contract negotiations.

2021-2022 APPROVAL DECISIONS

Details	Aug'21-Jul'22(\$)	Aug'20-Jul'21(\$)	No. of Approvals Aug'21-Jul'22(\$)	No. of Approvals Aug'20-Jul'21(\$)
Total Value	72,312,881.90	70,526,137.95	179	242

Works projects made up the major component of procurement



Category	Number of Activities				Contract Value (\$)			
	2021-22		2020-21		2021-22		2020-21	
Goods	72	46%	88	45%	8,712,319.87	12%	30,308,594.68	43%
Services	26	17%	28	14%	29,787,386.54	41%	12,315,626.74	17%
Works	59	38%	78	40%	33,813,175.49	47%	27,901,916.53	40%
Total	157	100%	194	100%	72,312,881.90	100%	70,526,137.95	100%

Works spending accounted for 47% (approximately \$33.8m), of the total net value of contracts approved in the 2021-22 fiscal year (2020-21: 40%, \$27.9m). Spending on services was 41% (\$29.8m, 2020-21: \$12.3m, 17%).

86% of Government procurement was sourced locally

Country	Goods(\$)	Services(\$)	Works(\$)	Total	%
Fiji	2,643,328.98	25,825,682.39	33,813,175.49	62,282,186.86	86.1
Singapore	-	3,322,917.46	-	3,322,917.46	4.6
USA	2,797,756.24	-	-	2,797,756.24	3.9
New Zealand	2,576,737.88	-	-	2,576,737.88	3.6
Cayman Islands	-	618,487.75	-	618,487.75	0.9
Australia	389,891.07	20,298.94	-	410,190.01	0.6
Norway	127,075.16	-	-	127,075.16	0.2
India	97,581.00	-	-	97,581.00	0.1
United Kingdom	79,949.54	-	-	79,949.54	0.1
Spain	-	EOT	-	EOT	
Guam	rate based	-	-	rate based	
Denmark	-	EOT	-	EOT	
PNG	rate based	-	-	rate based	
Total (excluding rate based)	8,712,319.87	29,787,386.54	33,813,175.49	72,312,881.90	

Domestic procurement was at 86% for the 2021-2022 fiscal year. There is potential for local business expansion in goods and services areas especially for supply of medical goods & equipment.

Construction and civil works was the major procurement category

The Fijian Government public procurement profile was heavily concentrated with the Construction and Civil Works segment accounting for 43% of total value of procurement. A table outlining the analysis of Fijian Government procurement categories by value is presented below:

Category	Sub-category ¹	(\$)	% of total
Construction and Civil Works	Building and facility construction	9,956,543.30	13.8%
	Building and facility civil works	8,224,815.32	11.4%
	Others	13,204,067.52	18.3%
Engineering and Research and Technology	Spatial Planning	3,322,917.46	4.6%
	Others	3,205,641.67	4.4%
Farming, Fishing, Forestry and Wildlife	Agriculture machinery and equipment	555,900.00	0.8%
	Seeds, bulbs, seedlings and cuttings	400,005.00	0.6%
Government administration goods and services	Security guard services	14,606,847.60	20.2%
	Building cleaning services	7,486,890.00	10.4%
	Others	2,203,411.25	3.0%
Business Professionals and Administrative Services	Social policy services	618,487.75	0.9%
	Others	466,002.74	0.6%
Medical Goods and Services	Medical Pharmaceutical Products	3,472,645.66	4.8%
	Others	1,617,584.56	2.2%
Power Generation and Distribution	Electricity supply	731,063.49	1.0%
	Others	461,367.13	0.6%
Published Products and Services	Educational or vocational textbooks	322,622.16	0.4%
	Others	286,418.80	0.4%
Material Handling, Conditioning, Accessories and Supplies	Tanks and cylinders and their accessories	rate based	
Transportation, Storage and Mail	Ambulance services	596,364.69	0.8%
	Others	573,285.80	0.8%
Total (excluding rate based)		72,312,881.90	

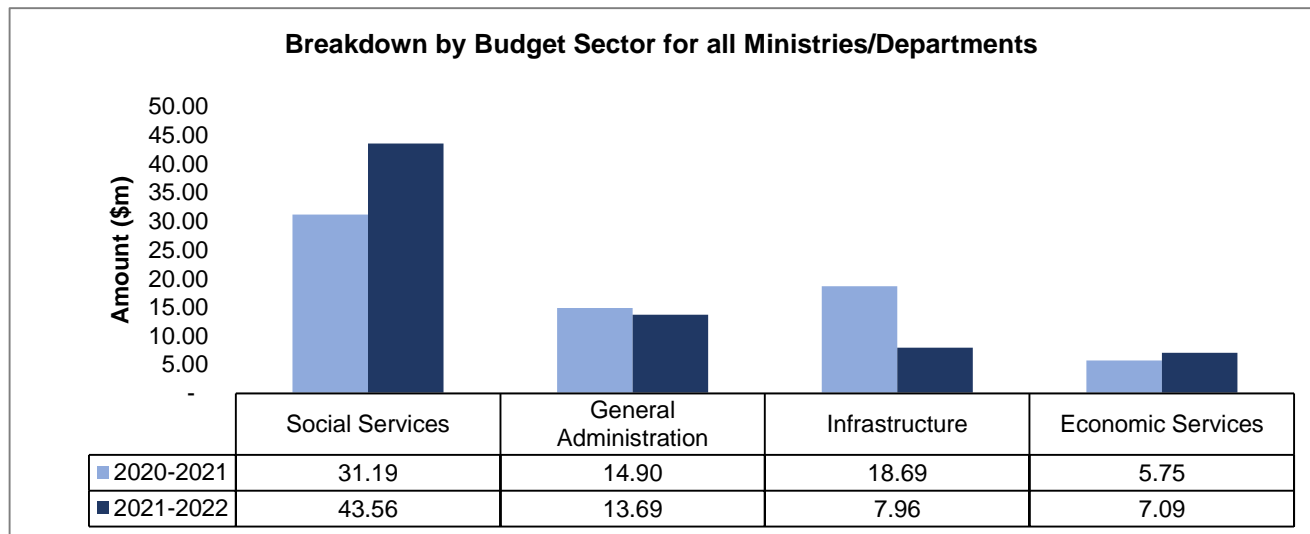
¹ Based on the United Nations Standards Products and Services Code (UNSPSC). This has been localized for easier reference to local projects.

Ministry of Health and Medical Services was the major buyer

Ministry/Department (top 5)	2021-2022(\$)	2020-2021(\$)
Ministry of Health and Medical Services	30,242,154.72	26,764,095.31
CIU (MoE)	20,224,831.42	5,014,574.46
MCTTT ²	3,779,742.06	71,027.04
FCS	3,409,411.12	885,556.00
MHCD ³	3,059,458.30	122,604.48

Ministry of Health and Medical Services (MHMS) accounted for 42% of all approvals for the period. Ministry of Waterways and Environment (MWE) was the second highest procuring agency which accounted for 28% of all approvals.

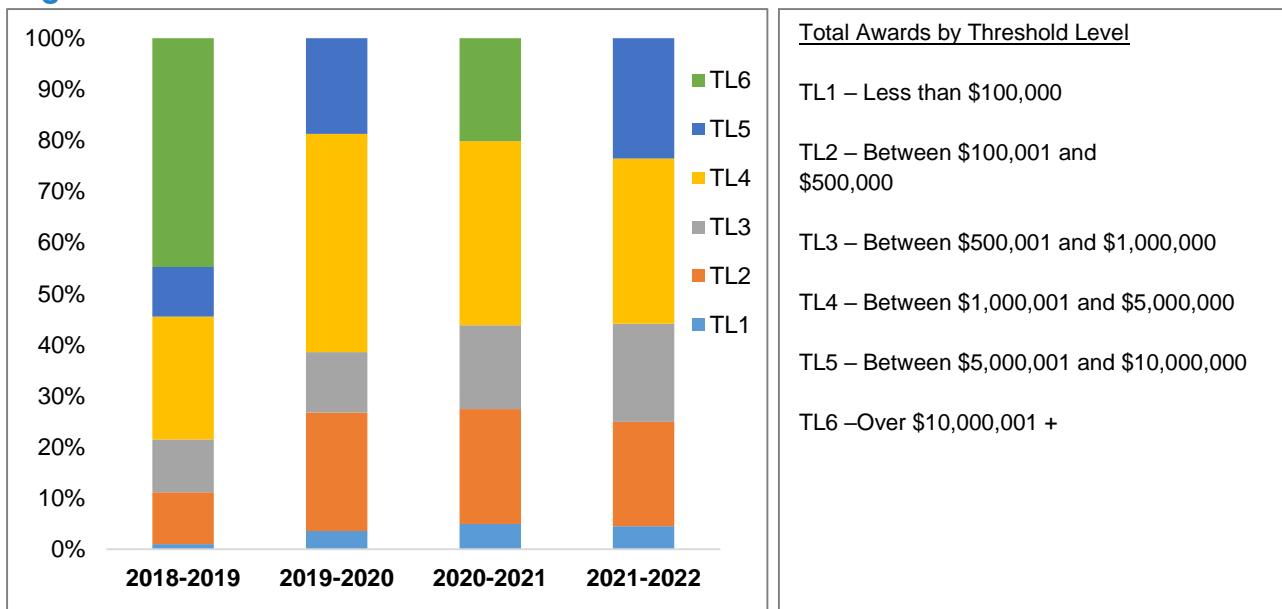
The 2021-2022 fiscal year saw increases in public procurement undertaken by the agencies after the resumption of normal Government services post COVID-19 pandemic lockdown. Social Services and Economic Services budget sectors experienced increase in procurement activity while decreases were noted for the General Administration and Infrastructure budget sectors.



² Ministry of Commerce, Trade, Tourism and Transport

³ Ministry of Housing and Community Development

Individual Tender, Waiver and Retrospective approval has mainly been between \$1-5m ranges

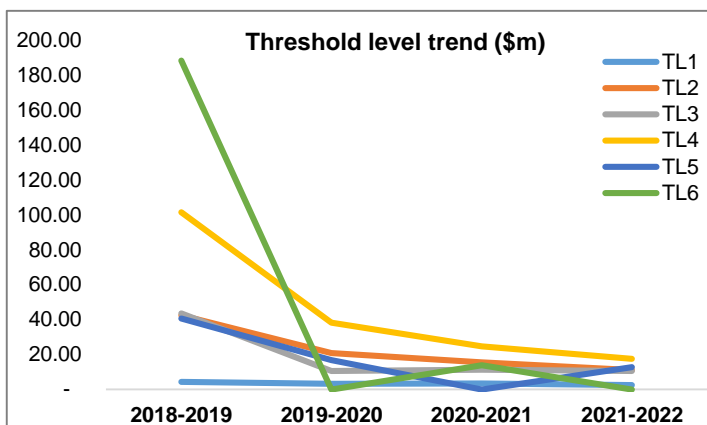
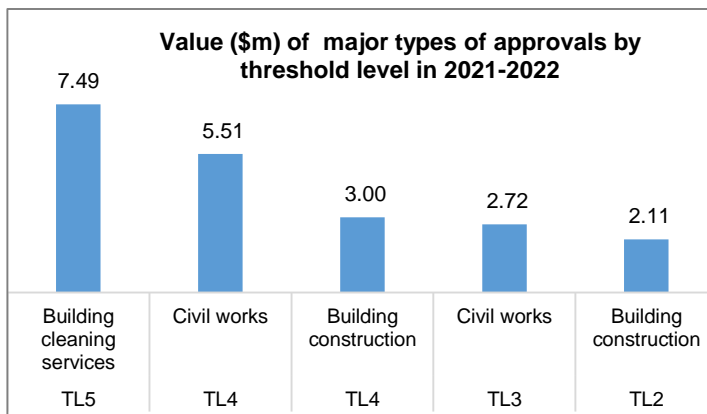


As categorized above, 32% of all net tenders awarded in 2021-2022 were between \$1m-5m and 24% was between \$5m-10m.

For high value procurement, adequate strategic planning and sourcing must always be practiced to mitigate the risks for these projects.

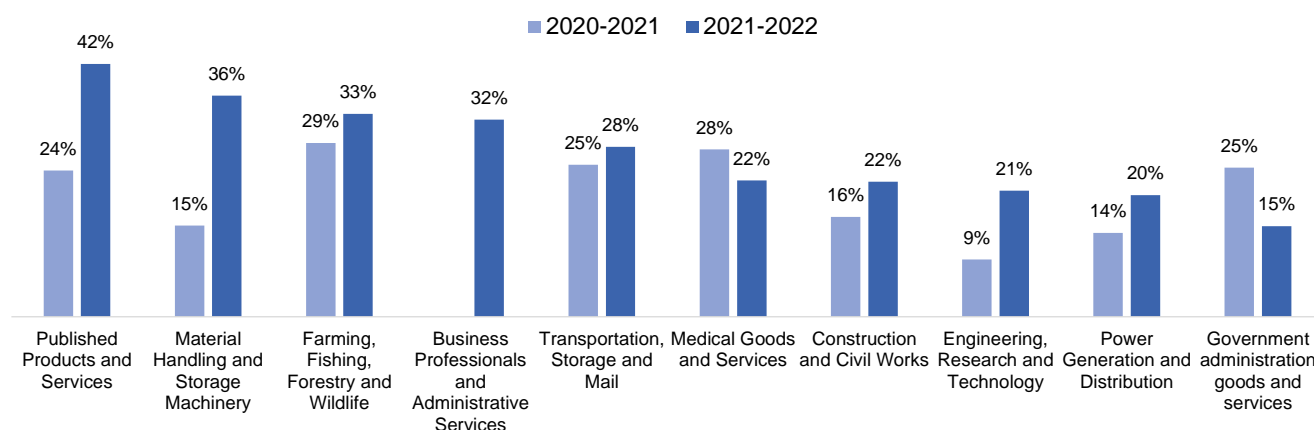
Tender awards under \$100k constituted only 5%. There is opportunity to increase the procurement threshold for approvals by Permanent Secretaries to \$100,001 limit for different categories but keep \$50,000 as the threshold for open tenders.

The Fijian Government tender procurement values has been between \$1m-5m.



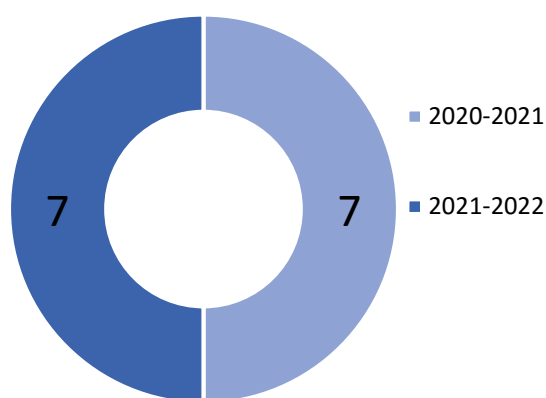
20% of tender documents download convert to submissions

Average % of bid submitted per tender download by category



Government's e-tender portal was analyzed to study the trends for percentage of bids downloaded that converted to tender submissions. This was done by category of procurement.

Average No. of bids submitted per tender



Overall nearly one out of every five (20%) tender documents downloaded results in tender submissions (18%) (Bid submission rate). While at a percentage basis, the conversions might seem low, there is a significant increase in participation compared to previous years. The high tender downloads is also expected due to the availability of tender documents which can be downloaded free of charge with ease. The high downloads reflects the interest from suppliers in Government tenders. (On average 7 bids submitted per tender)

To help convert more downloads to actual submissions, FPO in the new fiscal year 2022-2023, is planning (depending on available budget) to run various workshop for potential suppliers especially small-medium enterprises who wish to be part of Government tendering.

Tender Document Downloads

3,009

-18% ↓ (v SPLY)
SPLY: 3,648

Bids Submitted

529

-18% ↓ (v SPLY)
SPLY: 645

Bid Submission Rate

18%

0% ← (v SPLY)
SPLY: 18%

Consolidation of the procurement of common goods and services across whole of Government via standing offers remains a major focus

A standing offer is an offer from a potential supplier to provide goods and/or services at pre-arranged prices, under set terms and conditions, when and if required. A local purchase order (LPO) must be issued to “call-up” against the standing offer and make the agreement binding.

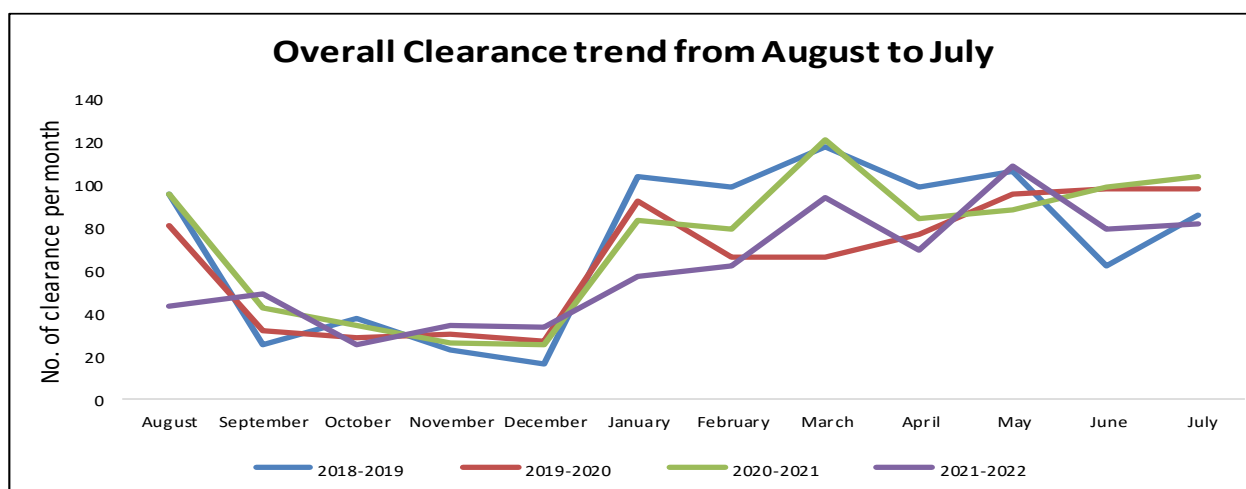
Given that cost savings and procurement efficiency is a key focus, standing offers is a priority area for FPO as we seek to consolidate procurement across Government where possible and negotiate better prices for Government.

Likewise, as part of its procurement strategy, FPO is streamlining and re-aligning standing offer contracts into a more categorized management. This has seen whole of Government standing offers called for Supply of Paper Hygiene and Other Associated Products, Supply of Agricultural Produce and Meat and Fish and Other Frozen Food, Supply of Polyethylene Storage Water Tanks and Other Storage Products, Supply of Liquid Petroleum Gas and Fittings for Whole of Government, Supply of Paper Stationery and Associated Products for Whole of Government. This is a shift from individual products into more of a bundle category approach to ensure efficiency and cost savings.

AUG'21-JUL'22 LOGISTICS IMPORT CLEARANCES

There has been 736 import clearances of which 60% is through Air

Clearance Centre	Mode of Transport	Aug'18-Jul'19	Aug'19-Jul'20	Aug'20-Jul'21	Aug'21-Jul'22
Central	Air Transport	146	101	37	32
	Sea Transport	209	225	303	283
Total		355	326	340	315
Western	Air Transport	508	454	533	411
	Sea Transport	8	11	8	10
Total		516	465	541	421
Overall Total		871	791	881	736
Central total year on year % change			-8%	4%	-7%
Western total year on year % change			-10%	16%	-22%
Overall total year on year % change			-9%	11%	-16%



International logistics is an important enabler to achieving economic and social development. Not only does it facilitate integration into the global economy, it ensure goods are received in time to meet needs. Overall FPO Logistics division has undertaken 3,279 import clearances coming through air and sea into Fiji since 2018. Historically, clearances by air have been the major transport route for Government with medical cargo coming in loose cargo loads accounting for the majority.

"16% decrease in import cargo clearances for the current period"

Additionally, the current reported period is seeing a 16% decrease in overall cargo clearances whilst compared with the same period last year. This is mainly attributable to the worldwide supply chain disruptions brought about by COVID-19 in 2021 and the Russian invasion of Ukraine in 2022. We have noted that Government cargo clearances mainly occur during the January to August period which points to procurement being done on Q4.

COVID-19 pandemic lockdown restricted freight capability. This has now eased. However the recent freight issues has shown that a review of the freight methodology will have to be carefully considered during procurement.

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