

# PUBLIC PROCUREMENT MONITORING: A Facilitators' Manual

Prepared by the  
PUBLIC AND PRIVATE DEVELOPMENT CENTRE (PPDC)

## Published in Nigeria

All Rights reserved. No part of this publication may be reproduced in part or in whole without the express written permission of the publishers, except by members of the National Procurement Watch Platform for the fulfillment of its goals, or by an organization based accredited procurement monitor in Nigeria.

The views expressed in this publication do not reflect those of United Nations Democracy Fund (UNDEF) or that of the Publisher.

### Published by:

Public and Private Development Centre Ltd By Guarantee (PPDC)  
1st Floor UACN Building  
Central Business District Abuja  
[www.procurementmonitor.org](http://www.procurementmonitor.org)

PUBLIC and Private Development Centre (PPDC)  
Public procurement monitoring: A facilitators' manual  
1. Government purchasing. I. Title.  
JF 1525.P85 P976 2011 352.53  
ISBN: 978-978-917-561-1 (pbk) AACR2

## Foreword

The Public and Private Development Centre (PPDC) is established to improve citizens' participation in governance and development in a way that prevents corruption. It seeks to keep creating and supporting procurement and governance monitoring initiatives across Africa, bringing public institutions together with private and non profit organizations in improving public expenditure management in Nigeria and across Africa. It currently has two major program tracks. A Nigerian procurement monitoring program, which singly advocated and secured inclusion of mandatory citizen procurement observation and monitoring provisions in the Public Procurement act 2007 (PPA) and activated citizen monitoring of procurement in Nigeria.

The program initiated the National Procurement Watch Platform (NPWP), a network of Civil society organizations (CSOs) and professional bodies monitoring procurement in Nigeria, it has empowered more than 200 CSOs to monitor procurement and developed standard monitoring tools, and an online real-time procurement monitoring portal, with capability to monitor, analyse and issue reports and early warning signals of procurement failure. PPDC's annual assessment of the implementation of PPA is an eagerly awaited report amongst public procurement specialist and other stakeholders in Nigeria, visit [www.procurementmonitor.org](http://www.procurementmonitor.org). Our second program track is an annual competitive film awards, driving value change across Africa and the diaspora, building a Nigerian and African wide community of creativity doing so. See [www.homevida.org](http://www.homevida.org).

As part of its Nigerian Procurement Monitoring Program, the Public and Private Development Centre (PPDC) with support from the United Nations Democracy Fund (UNDEF), set about the development of a facilitators manual for training CSOs on procurement monitoring. The facilitators' manual arose in response to the need to generate a critical mass of knowledgeable and active procurement monitors across Nigeria.

Our efforts to build this critical mass of procurement monitors led us at PPDC to verify and code on our procurement portal all budget receiving MDAs in Nigeria. As at 2010 Nigeria had 810 MDAs; our preliminary assessment indicates that, at the very least, ten monitors for each MDA on the average is needed. This in effect means that about 8100

procurement monitors spread across the country, may be needed for comprehensive monitoring. As a result PPDC is focused on strengthening the ability of many more organizations to develop and deliver learning programs in procurement monitoring. This current facilitators manual will enable many CSO to train trainers, who in turn can step down the training to other CSOs within their networks and in their geographical vicinity.

The facilitators' manual is based on the many training modules that PPDC has accumulated through its procurement training program since passage of the PPA in 2007. Through the effort of seasoned resource persons with specialization on different aspects of the Public Procurement law and the principles behind the law, this manual has been created.

PPDC would like to thank Mr. Abu Ibrahim, the consultant who was hired to compile and develop this manual along with his staff. Mr. Abu Ibrahim also designed the module on Evaluation of bids and proposals, Procedure for Bid Notice, Preparation, Submission & Opening, pre-qualification of contractors and the procedure for bid evaluation and award of contract.

PPDC would like to appreciate the different specialists whose modules contributed in great measure to this manual; Mr. Edetaen Ojo, who designed the module on accessing procurement information under the Public Procurement Act 2007, Mr. Eze Onyekpere, who designed the module on Accessing the complaints mechanism under the Public Procurement act 2007 and the code of conduct for CSO observers as directed by the BPP, Mr. Kingsley Udeh who designed the module on Evaluating Public Procurement Processes and Mr. Chibuzo Ekwewuo, who designed the module regarding the conception of the Public Procurement Act and for his extensive revision to the manual before production.

Finally, PPDC would like to appreciate the administrative assistance of PPDC program staff in facilitating the production of this manual.

This manual would not have been possible without the financial support of the United Nations Democracy fund and we remain appreciative.

Finally, we give all adoration and Glory to Almighty God whose grace remains ever sufficient and to whom we look up to in all things.

As we continue to emphasize, with the role given to citizens organizations and

professional bodies under the PPA, should procurement reforms fail this time around the blame will not be on government alone. Many of us will share in the blame for failing to hold government accountable, the PPA has given us a window of opportunity to make a difference. How we use that opportunity may as well determine how far in the right direction our national procurement reform program will go.

At PPDC we are committed to effectively utilizing this opportunity, and we ask you to join us now. The leadership of every nation is at best a product of the followership of its citizens, their successes or failure in asserting a measure of their citizenship.

We all are Accountable.

Seember Nyager

Acting Co-ordinator PPDC

<sup>1</sup> Chibuzo .C . Ekwewuo opening remarks at the launch of the PPDC UNDEF supported Nigerian Procurement Monitoring Portal at REIZ Continental Hotel Abuja on the 2nd day of June, 2010

<sup>2</sup> Ibid

## **Acknowledgements**

The Public and Private Development Centre gratefully acknowledges the contributions of the numerous individuals involved in the preparation of this workshop and workbook series, including the experts who provided useful comments throughout its preparation.

Financial support for this project was provided by the United Nations Democracy Fund (UNDEF)



|  |    |
|--|----|
| Contents   |    |
| 1.0 Pre-Workshop Planning                                    | 1  |
| 1.1 Preparing Participants                                   | 1  |
| 1.1.1 Selecting Participants                                 | 1  |
| 1.1.2 Working Productively                                   | 1  |
| 1.1.3 Advance information for participants                   | 1  |
| 1.2 Preparing for Facilitation                               | 2  |
| 1.2.1 Team Facilitation                                      | 2  |
| 1.2.2 Success factors for good facilitation                  | 2  |
| 1.2.3 Maximising Team Effectiveness                          | 2  |
| 1.2.4 Cross-cultural Issues                                  | 3  |
| 1.2.5 During the Workshop                                    | 3  |
| 1.2.6 A Final Word   | 3  |
| 1.3 Room Structure, Equipment and Materials                  | 4  |
| 1.3.1 Room Structure   | 4  |
| 1.3.2 Equipment and Materials                                | 4  |
| 1.4 Suggested Work Schedule                                  | 4  |
| 2.0 Module I: Understanding the Public Procurement Act 2007  | 6  |
| 2.1 Module Objectives  | 6  |
| 2.1.1 Rationale  | 6  |
| 2.1.2 Objective  | 6  |
| 2.2 Module Programme   | 6  |
| 2.3 Module Reading   | 6  |
| 2.3.1 Essential reading                                      | 6  |
| 2.3.2 Further reading  | 6  |
| 2.4 Module Content   | 7  |
| Slide 1  | 7  |
| Speaker Notes: Understanding the Public Procurement Act 2007 | 7  |
| Slide 2  | 8  |
| Speaker Notes  | 8  |
| Slide 3  | 9  |
| Speaker Notes  | 9  |
| Slide 4  | 10 |
| Speaker Notes  | 10 |
| Slide 5  | 10 |
| Speaker Notes  | 11 |
| Slide 6  | 11 |
| Speaker Notes  | 12 |
| Slide 7  | 12 |
| Speaker Notes  | 12 |
| Slide 8  | 13 |
| Speaker Notes  | 13 |
| Slide 9  | 14 |
| Speaker Notes  | 14 |
| Slide 10   | 14 |

|  |     |
|--|-----|
| Speaker Notes .....  | 15  |
| Slide 11 .....   | 15  |
| Speaker Notes .....  | 15  |
| Slide 12 .....   | 16  |
| Speaker Notes .....  | 16  |
| Slide 13 .....   | 17  |
| Speaker Notes .....  | 17  |
| 3.0 Module II: Procurement Planning and Methods .....                            | 47  |
| 3.1 Module Objectives .....  | 47  |
| 3.1.1 Rationale .....  | 47  |
| 3.1.2 Objective .....  | 47  |
| 3.2 Module Programme .....   | 47  |
| 3.3 Module Reading .....   | 47  |
| 3.3.1 Essential reading .....  | 47  |
| 3.3.2 Further reading .....  | 47  |
| 3.4 Module Content .....   | 67  |
| 4.0 Module III: Procedure for Bid Notice, Preparation, Submission & Opening..... | 67  |
| 4.1 Module Objectives .....  | 67  |
| 4.1.1 Rationale .....  | 67  |
| 4.1.2 Objective .....  | 67  |
| 4.2 Module Programme .....   | 67  |
| 4.3 Module Reading .....   | 67  |
| 4.3.1 Essential reading .....  | 67  |
| 4.3.2 Further reading .....  | 67  |
| 4.4 Module Content .....   | 88  |
| 5.0 Module IV: Prequalification of Contractors .....                             | 88  |
| 5.1 Module Objectives .....  | 88  |
| 5.1.1 Rationale .....  | 88  |
| 5.1.2 Objective .....  | 88  |
| 5.2 Module Programme .....   | 88  |
| 5.3 Module Reading .....   | 88  |
| 5.3.1 Essential reading .....  | 88  |
| 5.4 Module Content .....   | 89  |
| 6.0 Module V: Procedure for Bid Evaluation and Award of Contract .....           | 106 |
| 6.1 Module Objectives .....  | 106 |
| 6.1.1 Rationale .....  | 106 |
| 6.1.2 Objective .....  | 106 |
| 6.2 Module Programme .....   | 106 |
| 6.3 Module Reading .....   | 106 |
| 6.3.1 Essential reading .....  | 106 |
| 6.3.2 Further reading .....  | 106 |
| 6.4 Module Content .....   | 107 |
| Minor Deviations.....  | 110 |
| Time Frame for Bid Evaluation & Extension of Bid Validity .....                  | 113 |
| Ways of treating most frequent deviations:.....                                  | 119 |



|  |     |
|--|-----|
| Procedural Deviations in submission of bids .....                          | 120 |
| Bid Security .....   | 120 |
| Lack of supporting Documents: .....  | 120 |
| Fixed price against variable price .....                                   | 121 |
| Technical Specifications: .....  | 121 |
| Subcontracting: .....  | 122 |
| Alternative bids: .....  | 122 |
| Delivery Period: .....   | 122 |
| Conditional bids .....   | 122 |
| Debatable Deviations: .....  | 122 |
| Detailed Bid Evaluation Principles and Methodologies .....                 | 124 |
| Adjustment to bid prices for omissions .....                               | 127 |
| Adjustments for acceptable departures:- .....                              | 128 |
| Adjustments for delivery periods:- .....                                   | 129 |
| Adjustments for inland transportation:- .....                              | 129 |
| Operational costs and life cycle costing:- .....                           | 130 |
| Conversion to common currency: .....                                       | 131 |
| Domestic preference: .....   | 131 |
| Goods: .....   | 132 |
| Works .....  | 132 |
| Comparison with engineers estimate in the case of work contracts:- .....   | 133 |
| Contract Performance Guarantee .....                                       | 137 |
| Execution of the Contract Agreement .....                                  | 137 |
| Execution of the Contract Agreement:- .....                                | 138 |
| Default on bid security: .....   | 138 |
| 7.0 Module VII: Complaints and Recourse Mechanism .....                    | 140 |
| 7.1 Module Objectives .....  | 140 |
| 7.1.1 Rationale .....  | 140 |
| 7.1.2 Objective .....  | 140 |
| 7.2 Module Programme .....   | 140 |
| 7.3 Module Reading .....   | 140 |
| 7.3.1 Essential reading .....  | 140 |
| 7.3.2 Further reading .....  | 140 |
| 7.4 Module Content .....   | 141 |
| Speaker Notes: Complaints and Recourse Mechanism .....                     | 141 |
| Speaker Notes: Complaints Procedure under the Public Procurement Act ..... | 141 |
| 8.0 Module VIII: Evaluating Public Procurement Process .....               | 147 |
| 8.1 Module Objectives .....  | 147 |
| 8.1.1 Rationale .....  | 147 |
| 8.1.2 Objective .....  | 147 |
| 8.2 Module Programme .....   | 147 |
| 8.3 Module Reading .....   | 147 |
| 8.3.1 Essential reading .....  | 147 |
| 8.3.2 Further reading .....  | 147 |
| 8.4 Module Content .....   | 148 |
| Speaker Notes: Use of Terms .....  | 148 |
| Evaluation of Public Procurement Process .....                             | 149 |
| Public Procurement Act .....   | 149 |

|  |     |
|--|-----|
| Observers.....   | 149 |
| Bid.....   | 149 |
| MDA.....   | 149 |
| Speaker Notes: When a Public Procurement Process is said to Comply.....                      | 150 |
| Speaker Notes: What is Observers Monitoring/Evaluating .....                                 | 151 |
| Speaker Notes: Fundamentals of Public Procurement Evaluation.....                            | 151 |
| Speaker Notes: Commencing and Completing the Evaluation of a Public Procurement Process..... | 152 |
| Speaker Notes: Stages in Procurement Observation .....                                       | 153 |
| Speaker Notes: What to look for in Procurement observation.....                              | 153 |
| Speaker Notes: The rationale for Procurement Observation.....                                | 154 |
| Speaker Notes: Suggested Action where breach is Observed .....                               | 154 |
| Speaker Notes: Exercise on Procurement Observation .....                                     | 155 |
| Speaker Notes: Solicitation/Bidding documents .....  | 156 |
| Speaker Notes: What to look for in Solicitation Documents .....                              | 157 |
| Speaker Notes: Suggested Action .....  | 157 |
| Speaker Notes: Observation of Errors in RFP.....   | 158 |
| Speaker Notes: What to look for in Bid Submission Process .....                              | 159 |
| Speaker Notes: Suggested Action .....  | 159 |
| Speaker Notes: Bid Opening Observation.....  | 160 |
| Speaker Notes: What to look for in Bid Opening Process.....                                  | 160 |
| Speaker Notes: Suggested Action relating to Bid Opening Observation.....                     | 161 |
| Speaker Notes: Bid Examination, Evaluation and Contract Award .....                          | 162 |
| Speaker Notes: What to look out for in Bid Examination and Evaluation.....                   | 162 |
| Speaker Notes: Administrative Review.....  | 163 |
| Speaker Notes: Determining the Significance of Issues Evaluated .....                        | 163 |
| 9.0 MODULE IX: NON STATE ACTORS AND THE PUBLIC PROCURMENT PROCESS.....                       | 169 |
| 9.1 Module Objectives.....   | 169 |
| 9.1.1 Rationale.....   | 169 |
| 9.1.2 Objective.....   | 169 |
| 9.2 Module Programme.....  | 169 |
| 9.3 Module Reading.....  | 169 |
| 9.3.1 Essential reading.....   | 169 |
| 9.3.2 Further reading.....   | 169 |
| 9.4 Module Content.....  | 170 |
| Speaker Notes: Public Procurement Act and Non State Actors .....                             | 170 |
| Speaker Notes: An overview of Public Procurement Act 2007 .....                              | 170 |
| Speaker Notes: Provisions for CSO participation in the PPA 2007 .....                        | 171 |
| Speaker Notes: What CSOS should observe in the Procurement Process .....                     | 172 |
| Speaker Notes: Various Observation Indicators.....   | 173 |
| Speaker Notes: Conclusion on Non state Actors.....   | 181 |
| 10.0 MODULE X: OBSERVERS' CODE OF CONDUCT .....  | 193 |
| 10.1 Module Objectives.....  | 193 |
| 10.1.1 Rationale.....  | 193 |
| 10.1.2 Objective.....  | 193 |
| 10.2 Module Programme.....   | 193 |
| 10.3 Module Reading.....   | 193 |
| 10.3.1 Essential reading.....  | 193 |

10.3.2 Further reading.....193

10.4 Module Content.....193

Speaker Notes: Introduction to the code of conduct .....194

Speaker Notes: DISCUSSIONS ON CODE OF CONDUCT.....195

Speaker Notes: Oath of Allegiance for Observers.....202

11.0 MODULE XI: UNDERSTANDING ACCESS TO INFORMATION .....213

11.1 Module Objectives.....213

11.1.1 Rationale.....213

11.1.2 Objective.....213

11.2 Module Programme.....213

11.3 Module Reading.....213

11.3.1 Essential reading.....213

11.3.2 Further reading.....213

11.4 Module Content.....213

Speaker Notes.....214

Speaker Notes:.....215

12.0 Module XII: Introduction to Observers Check List .....213

12.1 Module Objectives.....213

12.2 Module Programme.....213

12.3 Module Reading.....213

12.3.1 Essential reading.....213

12.4 Module Content.....214

## **Appendices:**

- 1 Procurement Planning and Methods: Practical Sessions**
- 2 Case Studies**
- 3 Exercises on Access to Information**

## 1.0 Pre-Workshop Planning

### 1.1 Preparing Participants

#### 1.1.1 Selecting Participants

Participants are expected to be selected from CSO officials in the areas of monitoring and observing public procurement in Nigeria. They are expected to be familiar with the public procurement reform in Nigeria, the passage of the PPA2007, the structures created by the PPA 2007.

#### 1.1.2 Working Productively

Experience has shown that grouping participants into groups of between five and six participants per group is good for exchange between participants and facilitators. Groups can meet with assigned facilitators during the case studies and exercises to exchange ideas and receive feedback.

Groups also create the opportunity for peer education, and facilitate exchange of experiences between participants. Facilitators should foster discussions and support within groups and across groups, acting like true facilitators instead of teachers.

Over the course of the training, cross group collaboration usually grows stronger, and lasting collaborations are frequently established.

During the case studies and exercises, it will be ideal to assign one facilitator per group.

There should be an optimum balance between time spent on lectures and exercises. The lectures should be short and concise and focused on getting participants oriented to completing the exercises.

Assigned facilitators should be responsible for guiding their groups through the exercises. Facilitators should see their role less as expert and more as assistant.

Most participants will become fatigued occasionally during the workshop week. Be alert for signs of tiredness and take breaks as needed.

#### 1.1.3 Advance information for participants

It is considered good practice to also provide participants with basic information about the training ahead of the actual training. Therefore, it is suggested that participants should be sent a brief framework of the training containing the training programme and the modules objectives, expected outcomes and readings. Participants can read this information in a relaxed setting, and in so doing, begin to orient themselves towards the expected outcomes of the training.

Participants also should be encouraged to begin thinking about their roles as procurement monitors and observers.

## 1.2 Preparing for Facilitation

### 1.2.1 Team Facilitation

This training is designed to be facilitated by a team of qualified individuals. This is so because it is generally known that team facilitation increases the overall knowledge and skill base available to participants. It also allows facilitators to give individualised attention to participants during the case studies and exercises.

Ideally, the facilitation team should represent a diversity of facilitators with expertise covering all the areas to be covered in the training. Diversity increases the overall knowledge and skill base of the team, brings multiple perspectives to the process, and reflects the varying backgrounds of participants. Diversity is good as many participants will feel more comfortable with facilitators from their own cultural or professional backgrounds. For similar reasons, inclusion of women (both facilitators and participants) also should be encouraged.

### 1.2.2 Success factors for good facilitation

The success factors for good facilitation include the following:

- Familiarity with the culture, needs, strengths, and limitations of participants, and respect for individual differences (e.g. in preparing for tea breaks, provisions should be made for those with dietary constraints from religion, health or personal reasons)
- Organisation: equipment, supplies, time schedule there should be a good projector or the right lumens and projector screen that is big enough for all in the class to see.
- Ability to strike the delicate balance between being directive and non-directive, and to know when each stance is needed at different points during the workshop.
- In addition to these qualities, facilitators also should have relevant knowledge and experience in procurement training, and/or a good understanding of typical barriers and benefits of monitoring and observation by CSOs.
- Trust in others and their capacities (both co-facilitators and participants)
- Good listening skills
- Good presenting skills
- Confidence without arrogance
- Ability to create an atmosphere of confidence among participants
- Respect for the opinion of others (not imposing ideas)
- Flexibility in changing methods and sequences as needed
- Knowledge of group process, including the ability to sense the group's mood at any given time and adjust the programme accordingly

### 1.2.3 Maximising Team Effectiveness

The training will benefit from mutual trust, cooperation, recognition and acceptance of individual strength and weaknesses, attitude of reciprocal learning and assistance.

The team of co-facilitators must work together as a team to enhance participant assimilation of the materials.

Well ahead of the workshop, facilitators should familiarise themselves with the subject matter and meet with their team to plan the workshop in detail. Facilitators should discuss their backgrounds and professional strengths at this time. Based on this information, specific facilitators can be assigned to specific presentations and exercises. If it becomes apparent that there is a gap in the knowledge base of the co-facilitators, efforts should be made to bring a complementary facilitator to the workshop (even for only part of the workshop). In the absence of this option, facilitators can make note of questions that arise during the workshop and have them answered by an expert consultant after the workshop ends.

Throughout the workshop, facilitators should meet for about one hour at the end of each day. During this time, they should discuss any problems or issues that have arisen, as well as their general impressions about how well participants are progressing with their training.

All problems or issues (among participants or facilitators) should be resolved as quickly as possible. A general discussion and debriefing among facilitators after the workshop ends also are recommended.

#### 1.2.4 Cross-cultural Issues

During many workshops, participants and facilitators will represent a range of cultural backgrounds, which are not restricted to nationality.

Cultural differences also can include differences in work environments (university, government, or treatment settings), status within organisations (director or employee), roles within organisations (physicians or administrators), and perspectives on gathering information (quantitative or qualitative approaches).

As a facilitator, it is important to respect and work with the values of participants from different cultures. The key for overcoming cultural barriers during the workshop is to seek background information on the cultural practices of participants, to anticipate potential problems, and to be willing to adjust your approach as needed. While it is impossible to change some of your personal characteristics, such as your age or nationality, modifications to clothing, presentation style, and facilitation techniques can be made as appropriate.

#### 1.2.5 During the Workshop

Facilitators should consult informally with each other throughout the day, to ensure that everything is progressing smoothly and/or to troubleshoot any problems that might arise.

Each facilitator should take notes throughout the workshop about their sites' progress in evaluation planning. Notes provide useful references for discussing progress or problems with other facilitators, and also serve as a good memory tool for oneself.

#### 1.2.6 A Final Word

It is important for facilitators to be aware that ambivalence of one sort or another is common among participants, but that many times this ambivalence remains unexpressed. It is the role of the facilitator to be alert for possible ambivalence, and to have strategies for dealing with it effectively.

One useful method for dealing with ambivalence is to increase participants' motivation by helping them to see how the training help meet their goals. One way to do this is to ask participants to discuss their work. By listening carefully to their responses, you can gain insight into possible motivating factors and help to draw new connections for participants.

## *1.3 Room Structure, Equipment and Materials*

### *1.3.1 Room Structure*

The workshop site should have plenty of space for groups to be able to spread out and work separately without disturbing each other. Auditorium settings are not advisable because of the participatory nature of the training.

### *1.3.2 Equipment and Materials*

The suggested equipment (listed below) should be prepared in advance of the workshop.

#### Facilitator equipment

- overhead projector
- acetate sheets for overhead projector
- multicoloured pens for overhead projector
- flip chart (make sure you have plenty of flip chart paper available)
- multicoloured pens for flip charts
- note pads
- pens or pencils
- name tags

#### Participant equipment

- complete copy of module booklets - 1 set per participant
- note pads - 1 pad per participant
- pens or pencils

### *1.4 Suggested Work Schedule*

The workshop format combines brief presentations with participatory exercises. Participants listen to formal presentations based on training manual material, then meet with other participants to put the information to work immediately in planning the tasks and assignments during the case studies and exercises. Facilitators work closely with each group throughout the exercises.

The schedule is planned for five days. Prior experience indicates that this amount of time is sufficient, but not excessive, to accomplish the training. Suggested time durations are listed for each activity. Lunch and other breaks have been inserted between activities but may be modified as needed. The schedule can be modified for those who have more or less time available, although it is recommended that the sequence of activities be maintained.



## Suggested Work Schedule

|              |  |  |
|--------------|--|--|
| Day<br>One   | 8.00–9.00am<br>9.00–9.30am<br>9.30am–11.00am<br>11.00am–11.30am<br>11.30am–1.00pm<br>1.00pm–2.00pm<br>2.00pm–3.30pm<br>3.30pm–4.00pm<br>4.00pm–5.00pm      | Arrival and Registration of Participants<br>Pre-Evaluation Assessment<br>Understanding the PPA 2007 (1)<br>Tea Break<br>Understanding the PPA 2007 (2)<br>Lunch Break<br>Procurement Planning and Methods<br>Tea Break<br>PP&M: Practical Sessions |
| Day<br>Two   | 9.00 – 9.30am<br>9.30am – 11.00am<br><br>11.00am – 11.30am<br>11.30am – 1.00pm<br>1.00pm – 2.00pm<br>2.00pm – 3.30pm<br>3.30pm – 4.00pm<br>4.00pm – 5.00pm | Arrival of Participants<br>Procedure for Bid Notice, Preparation,<br>Submission & Opening<br>Tea Break<br>Pre-qualification of Contractors<br>Lunch Break<br>Procedure for Bid Evaluation & Award of Contract<br>Tea Break<br>Case Studies         |
| Day<br>Three | 9.00 – 9.30am<br>9.30am – 11.00am<br>11.00am – 11.30am<br>11.30am – 1.00pm<br>1.00pm – 2.00pm<br>2.00pm – 3.30pm<br>3.30pm – 4.00pm<br>4.00pm – 5.00pm     | Arrival of Participants<br>Work Certification - Monitoring and Evaluation<br>Tea Break<br>Complaints and Recourse Mechanism<br>Lunch Break<br>Evaluating Public Procurement Process<br>Tea Break<br>Practical Sessions / Questions and Answers     |
| Day<br>Four  | 9.00 – 9.30am<br>9.30am – 11.00am<br>11.00am – 11.30am<br>11.30am – 1.00pm<br>1.00pm – 2.00pm<br>2.00pm – 3.30pm<br>3.30pm – 4.00pm<br>4.00pm – 5.00pm     | Arrival of Participants<br>Public Procurement and Non State Actors<br>Tea Break<br>Observers Code of Conduct<br>Lunch Break<br>Understanding Access to Information<br>Tea Break<br>Exercises on Access to Information                              |
| Day<br>Five  | 9.00 – 9.30am<br>9.30am – 11.00am<br>11.00am – 11.30am<br>11.30am – 12.30pm<br>12.30pm – 1.00pm<br>1.00pm – 1.15pm   | Arrival of Participants<br>Introduction to Observers Check-List<br>Tea Break<br>Review of Exercises and Practical Sessions<br>Post Evaluation Assessment<br>Close of Programme / Departure   |

## Suggested Work Schedule

## 2.0 Module I: Understanding the Public Procurement Act 2007

### 2.1 Module Objectives

#### 2.1.1 Rationale

All stakeholders must have good knowledge of the Public Procurement Act 2007 to ensure successful implementation of the stipulations of this Act which was passed to ensure transparency, accountability, value for money, competition and effectiveness in public procurement in Nigeria.

#### 2.1.2 Objective

The objective of this module is that participants should gain a sound and crisp understanding of the provisions of the Public Procurement Act 2007 and thus enhance the work of the participants as they monitor public procurements in Nigeria.

This knowledge will provide them with the ability to challenge many of the faux-pas that they may observe during the monitoring of various MDAs as they undertake their annual procurement activities.

### 2.2 Module Programme

The module programme covers the following background to public procurement reforms in Nigeria, what the PPA2007 provide for, scope of application of the act, institution and structures, the bureau, its functions and powers, principles of procurement, general qualification of bidders, procurement planning, stages in bid process, evaluation, offences and sanctions..

### 2.3 Module Reading

#### 2.3.1 Essential reading

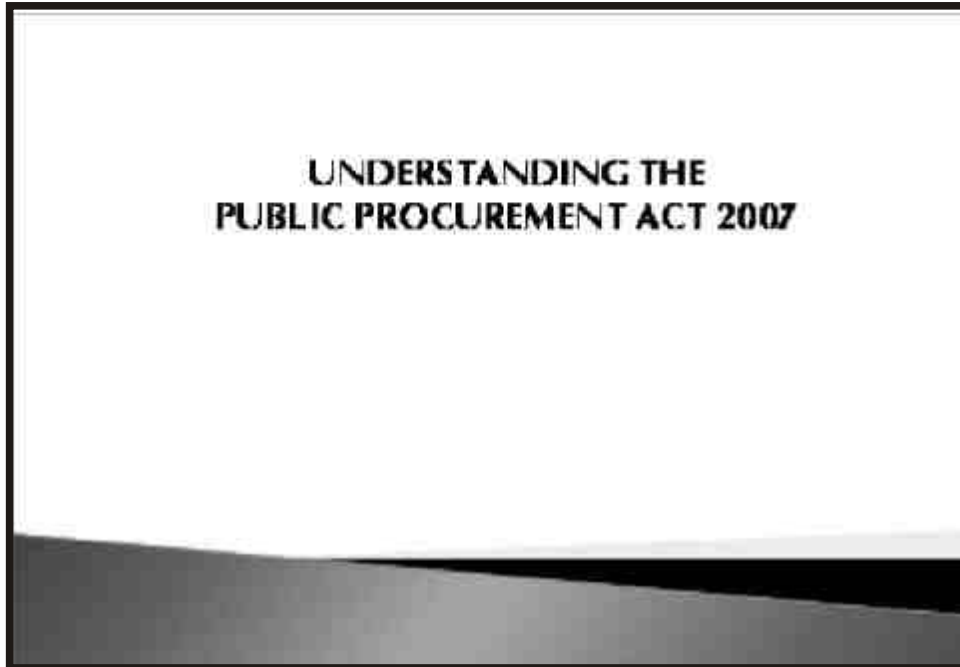
- 1) Public Procurement Act 2007
- 2) Procurement Procedures Manual for Public Procurement in Nigeria issued by the BPP

#### 2.3.2 Further reading

- 1) CPAR Report 2000 by World Bank
- 2) Various SBDs and RFPs issued by BPP.

## 2.4 Module Content

### Slide 1



### Speaker Notes: Understanding the Public Procurement Act 2007

This lecture presents an overview of the Public Procurement Act 2007 which was signed into law on the 4<sup>th</sup> day of June 2007 by the late President, Alhaji Umar Musa Yar'Adua.

The Act was passed to

- 1) establish the National Council on Public Procurement;
- 2) the Bureau of Public Procurement; and
- 3) the two bodies being the regulating authorities responsible for
  - a. the monitoring and oversight of Public Procurement in Nigeria
  - b. harmonizing government policies and practices on Procurement by regulating and setting standards
  - c. developing the legal framework and professional capacity for Public Procurement

## Slide 2

### Background on Public Procurement Reforms

- › CPAR conducted in 1999 - 2000 revealed that before 1999 Nigeria lost \$10 billion every year to corruption by award of contract.
- › BMPIU was set up as a radical response to address the problem
- › There was no law to back the operations of BMPIU.
- › Public Procurement Bill was sent to the NASS in 2003/2004
- › Passed by NASS on 31<sup>st</sup> May, 2007
- › Signed into law by the President on June 4<sup>th</sup>, 2007

### Speaker Notes

Upon Nigeria's return to civil rule in 1999, the then President Olusegun Obasanjo invited the World Bank and some sector specialists to review the country's financial systems and public procurement activities. The assignment resulted in the preparation of a Country Procurement Assessment Report (CPAR) in 2000 which identified major weaknesses such as the absence of a law on Public Procurement and lack of a permanent oversight body; the obsolete Finance Act, 1958, together with the Financial Regulations; approving limits of the Tender Boards constantly being eroded by inflation resulting in abuses such as splitting of contracts; and weak tender boards with powers to decide contracts de facto resting with the Permanent Secretary and the Minister/ Commissioner.

Following the recommendations of the report, the Budget Monitoring and Price Intelligence Unit (BMPIU) was formed in 2002 to tackle the problem by working for the passage of the PPA and in the meantime provide guidance for procurement procurement through the issuance of guidelines by the MOF and OSGF.

The draft of the Public Procurement Bill was sent to the National Assembly in 2003/2004 but was not passed until 31<sup>st</sup> May 2007 (too late to be signed by President Obasanjo) but early enough to be the first law signed by President Yar'Adua on 4<sup>th</sup> June 2007 upon assumption of office.

## Slide 3

What were the setbacks in procurement practice that necessitated procurement reforms in Nigeria?

- ▶ Selective Tendering, Sole source contracting, contract price negotiations, were dominant practices rather than exceptions.
- ▶ Limited or no advertising.
- ▶ Limited and ineffective public bidding, the process lacked competitiveness.
- ▶ Unclear evaluation and award criteria,
- ▶ Extra budgetary projects /abandoned projects
- ▶ Political interference and control in contract awards was predominant.
- ▶ Bid splitting.

### Speaker Notes

The following set-backs were observed in the procurement practice which necessitated urgent and important procurement reforms in Nigeria:

- 1) Selective Tendering (practice of inviting a few short-listed contractors to bid in a limited competition), sole sourcing (practice of inviting only one contractor to bid without competition), direct contract negotiations (without bid process)
- 2) Limited or no advertisement (it became common to see bids for large projects not being advertised or advertised on obscure notice boards in the ministries)
- 3) Limited and ineffective public bidding devoid of competitiveness (i.e. bidding devoid of key elements of good procurement practice such as open and public bid opening, use of standard bidding documents and bid security)
- 4) Unclear evaluation and award criteria such as improperly constituted evaluation committee, non-disclosure of evaluation criteria and no tender evaluation report
- 5) Extra budgetary projects / abandoned projects it became common to award contracts without adequate provisions in the Appropriation Acts
- 6) Interference by public officials in contract award decisions
- 7) Bid splitting to avoid approval thresholds

## Slide 4

**Cont.**

- ▶ **Inflation of prizes and costs.**
- ▶ **Abuse of Virement**
- ▶ **Lack of transparency**
- ▶ **Absence of procurement planning– leading to poor prioritization or even no prioritization at all, cost overruns and failure**
- ▶ **Limited or no procurement planning**
- ▶ **Limited mandates given to tender boards**
- ▶ **Excessive advance payments,**
- ▶ **Delay, uncertainty and some times non payment for jobs done**
- ▶ **Wrongful exclusion of qualified bidders**

### Speaker Notes

Observed set-backs (continued)

- 8) Inflation of prices and costs caused by collusion by contractors and public officials
- 9) Abuse of Virement by public officials Virement is the practice of transferring funds from one budget head to another. Normally, approval for this is required from the National Assembly
- 10) Lack of transparency the entire procurement processes failed all test of transparency such as unfettered discretion, no conflict of interests and acting in good faith
- 11) Procurement planning MDAs failed to prepare good procurement plans which would have identified cost overruns, completion date failure, etc
- 12) Tender boards sometimes became mere rubber stamps for senior officials
- 13) Advance payments were granted indiscriminately of large amounts without required securities and guarantees and non-payment or delayed payment of work done culminating in many abandoned jobs and cost-overruns
- 14) Exclusion of qualified bidders without giving proper justifications

## Slide 5

**Cont...**

- ▶ Use of fake documentations and falsification of facts,
- ▶ kick backs and bribery
- ▶ collusion between bidders and between bidders and procuring agency staff, conflict of interest was dominant and unchecked
- ▶ Use of inferior materials in Public Procurement,
- ▶ Multiplicity of Prizes in different departments for similar or same items.
- ▶ Absence of transparent periodic reviews and evaluation

### Speaker Notes

Observed set-backs (continued)

- 15) Use of fake Tax Clearance Certificates, Company Registration Documents and general false pretence in company qualifications
- 16) Corruption, kick backs and bribery in procurement observed practice of favouritism occasioned by gratification and or promise of gratification to public officials
- 17) Use of sub-standard materials or below-specification materials in undertaking contracts after quoting for standard materials sometimes with the collusion of procurement officials
- 18) Different agencies and departments purchasing same goods or works at different prices due to absence of price index
- 19) Lack of transparent periodic reviews or audits of procurements

## Slide 6

**What Does the Public Procurement Act 2007 Provide for ?**

The Act provides for the principles, supervisory Institutions and operational structures, as well as the scope, process, methods, supervision, complaint mechanism, code of conduct and offenses relating to Procurement of goods, works and services and disposal of assets at the federal level in Nigeria

## Speaker Notes

The Act has thirteen parts as follows:

Part I and II Establishment of the NCP and Establishment of the BPP

Part III and IV Scope of Application and Fundamental Principles for Procurements

Part V Organisation of Procurements

Part VI Procurement Methods (Goods and Services)

Part VII Special and Restricted Methods of Procurements

Part VIII Procurement of Consultant (Services)

Part IX Procurement surveillance and Review

Part X Disposal of Public Property

Part XI Code of Conduct

Part XII Offences

Part XIII - Miscellaneous

## Slide 7



## Speaker Notes

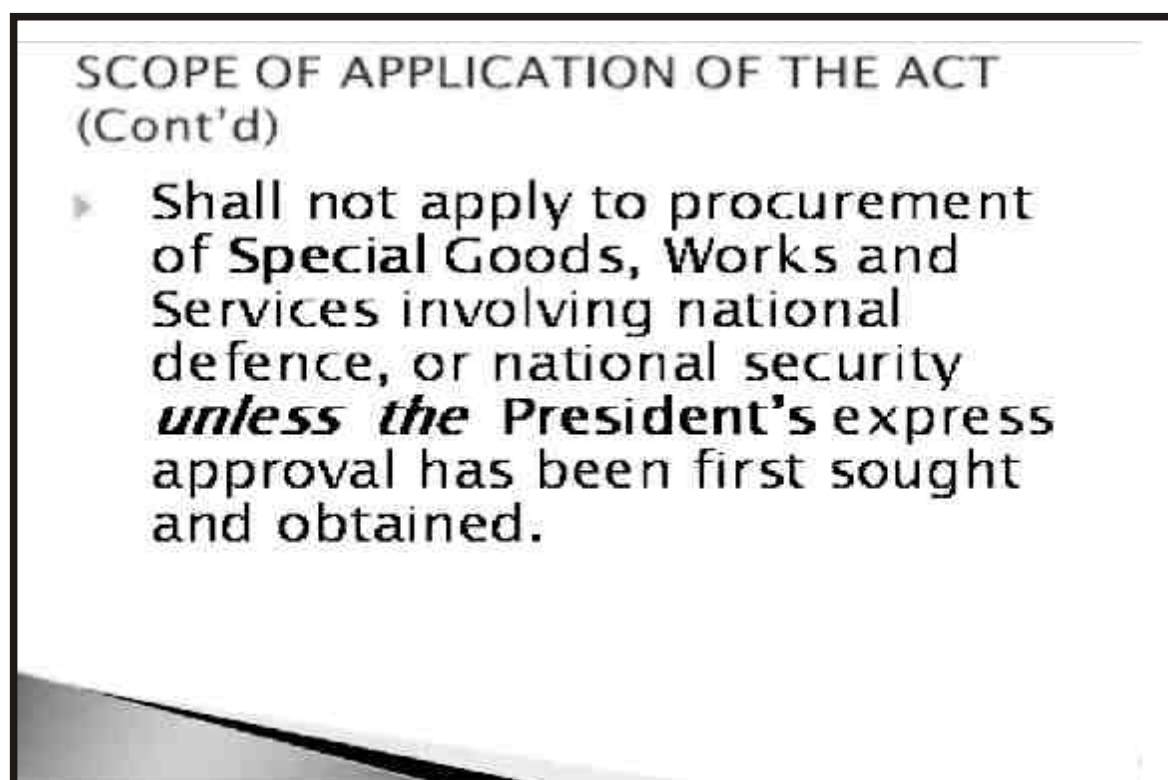
The scope of application of the PPA2007 covers all procurement of goods, works and services carried out:

1) The Federal Government of Nigeria and all procurement entities (i.e. all federal Ministries, Departments, Agencies including wholly funded parastatals of the government)



2) Other entities apart from those above, which derive atleast 35% of their funds from the Federation share of the Consolidated Revenue Fund (CRF). Section 80 of the Constitution stipulates that all revenues or other moneys raised or received by the Federation (not being revenues or other moneys payable under this Constitution or any Act of the National Assembly into any other public fund of the Federation established for a specific purpose) shall be paid into and form one Consolidated Revenue Fund of the Federation.

## Slide 8



### Speaker Notes

The scope of application of the PPA2007 (continued):

Shall not apply to the procurement of goods, works, and services involving national defence or national security unless the President's express approval has been sought and obtained.

This should be understood to be procurements of national defence and security implications where it may not be of national interest to publicise some details of the procurements but this does not absolve the procuring entities from ensuring value for money in the procurement.

Slide 9

**WHAT IS PROCUREMENT?**

- ▶ **Procurement is defined as the acquisition of goods and/or services at the BEST POSSIBLE TOTAL cost of ownership, in the Right Quantity and QUALITY at the RIGHT TIME, in the RIGHT PLACE for the direct BENEFIT or use of Government, Corporation or individuals, generally via a contract.**  
- WIKIpedia Encyclopedia

Speaker Notes

According to Wikipedia.org, procurement is the acquisition of goods and/or services. It is favorable that the goods/services are appropriate and that they are procured at the best possible total cost of ownership to meet the needs of the purchaser in terms of quality and quantity, time, and location. Corporations and public bodies often define processes intended to promote fair and open competition for their business while minimizing exposure to fraud and collusion.

The key phrases and words in this definition are 'best possible total cost', quality, quantity, right time, right location (implying pursuit of value for money, efficiency, effectiveness and timeliness)

Slide 10

**The overall process of acquiring goods, works and services, from the identification of need to contract administration and through the end of a services' contract or the useful life of an asset.**

*Procurement Manual, Bureau of Management,  
Office of Legal and Procurement Support, Jan 2005*

## Speaker Notes

This definition of procurement is presented in the UNDP Procurement Manual (User Guide) retrieved from <http://www.undp.org.eg/Portals/0/Procurement/Procurement%20Manual-user-guide-jan-2006.pdf>

This definition and the mentioned document highlights the three types procurements goods, works and services all starting with a needs assessment, including procurement planning, solicitation and evaluation of bids, contract review committee, contract award, contract management and asset management of completed contract, very much similar to the requirements of the PPA2007.

## Slide 11

### Institutions and Structures

- ✦ The National Council on Public Procurement
- ✦ The Bureau for Public Procurement (Industry Regulator)
- ✦ Recognizes MDA's as PE's
- ✦ Procurement Planning Committee
- ✦ Tender Board
- ✦ Accounting Officer
- ✦ Procurement Officers /cadre

## Speaker Notes

The PPA established the National Council on Public Procurement and the Bureau of Public Procurement and charged them with the responsibility for monitoring and oversight of public procurement and other related roles.

The PPA recognises Ministries, Departments and Agencies (MDAs) as Procuring Entities (PE) Section 21(1) of the PPA provides for the establishment of a Procurement Planning Committee in each Procuring Entity for each financial year (functions and membership of the committee are presented on Slide 23 and 24 respectively)

Section 22 (1) provides for the establishment of a Tenders Board (TB) in each Procuring Entity with the responsibility for the award of contracts within the thresholds set in the regulations. Where there is pre-qualification the Chairman of the TB is to inaugurate a technical sub-committee for evaluation of the bids to be chaired by the Secretary of the TB.

Slide 12

## The Bureau and its functions

- › Formulate general policies and guidelines relating to public procurement for the approval of the council.
- › Issue Procurement Rules with Council Approval
- › Publicize and explain the provisions of the Act
- › Certify Federal Procurement Prior to award subject to thresholds approved by Council
- › Supervise the implementation of established procurement policies and rules
- › Monitor prizes of tendered items and keep a National Data base of prizes (predictability)

### Speaker Notes

The explanation of the functions of the BPP:

- 1) Formulate policies and guidelines i.e. produce the procurement rules and regulations, standard bidding documents (SBDs) and standard Request for Proposals (RFPs)
- 2) Issues Procurement Rules with NCP Approval i.e. seek approval of NCP for above documents and present approved documents to PE
- 3) Publicize and explain the provisions of the PPA i.e. engage on sensitisation and stakeholders on the implementation of the provisions of the PPA
- 4) Certify Federal Procurement prior to award i.e. issue certificate of No Objection for projects within appropriate threshold
- 5) Supervise the implementation of the procurement policies and rules  
Maintain a database of prices to guide PEs in procurement decisions

## Slide 13

Cont.....

- ▶ Publish details of major contracts in the procurement Journal (transparency)
- ▶ Publish Paper and electronic copies of the Procurement Journal and maintain an archival system for it (transparency)
- ▶ Collate and maintain in an archival system all federal procurement plans and information
- ▶ Procurement Research and surveys
- ▶ Organizing Training and Development for Procurement Professionals

13

### Speaker Notes

The explanation of the functions of the BPP (continued):

- 1) Publish major contracts in the procurement journal with the objective of transparency in the system
- 2) Make both paper and electronic copies of the Procurement Journal available to all stakeholders including appropriate archiving
- 3) Maintain archival system of all procurement plans and information (BPP is already collating procurement plans of PEs)
- 4) Undertake procurement research and surveys  
Organising training and development for procurement professionals (a number of training and certification have been undertaken by the BPP including provision of training materials on the BPP website)

## Slide 14

**Cont...**

- ▶ **Periodically review socio economic effects of procurement policy and advise the council.**
- ▶ **Prepare and update standard bidding and contract documents (Predictability)**
- ▶ **Prevent fraudulent and unfair procurement**
- ▶ **Perform Procurement Audit (accountability)**
- ▶ **Establish a single internet portal (primary and definitive source of procurement information at all times (transparency)**

14

### Speaker Notes

The explanation of the functions of the BPP (continued):

- 1) Review the effects of procurement policy on stakeholders and the general public while providing the advise to the NCP and government in general
- 2) Regularly update the SBDs and RFPs this involves BPP receiving feed-back from users of these documents and incorporating these feed-backs into future editions of procurement documents
- 3) Provide recourse where there is failure of procurement the BPP has been empowered to entertain petitions and as a consequence suspend any procurement pending investigations
- 4) Engage on atleast bi-annual procurement audit of PEs this involves visiting the PEs and inspecting their documentations
- 5) Provide internet portal for procurement issues BPP is empowered to maintain this portal

## Slide 15

### Powers of the Bureau

- ▶ To enforce the monetary and review thresholds approved by council.
- ▶ Issue certificate of no objection subject to the thresholds and guidelines
- ▶ Stipulate to PE the procedures and documentation for no objection within the approved threshold.(Clarity)
- ▶ Inspect and review a procurement process to ensure compliance.
- ▶ Determine whether there has been contravention of the act

#### Speaker Notes

The explanation of the functions of the BPP (continued):

- 17) Enforce monetary threshold and propose review to NCP for approval reviews of thresholds will be required from time to time because of inflation, or to achieve economy of scale in procurements
- 18) Responsible for issuing Certificate of No Objection, after ascertaining that due process has been complied with, within the threshold requiring prior review
- 19) Responsible for stipulating to PEs the procedures and documentation for No Objection
- 20) Inspect and review procurement processes
- 21) Determine whether there has been contravention of the act

## Slide 16

### Cont...

- ▶ Debar supplier or service provider in contravention of the act.
- ▶ Maintain a national data base of contractors and to the exclusion of PE prescribe categorization and classification for the companies in the register
- ▶ Apply sanctions

### Speaker Notes

The explanation of the functions of the BPP (continued):

- 22) Debar suppliers or service providers where there is evidence that they have given or promised inducement to procurement officials, where they have failed to perform in past projects, or where they have been involved in fraudulent practices and have conflict of interest issues.
- 23) Maintain a database of contractors and categorization of contractors the role of maintaining database and categorization was previously being done by Federal Ministry of Works and Housing but the Act has passed this responsibility to the BPP
- 24) Apply sanctions as appropriate such as annulling a procurement process, annulling part of the procurement process or moving a procurement to another PE

### Slide 17

**Cont...**

**Recommend to the Council**

- ▶ The suspension of officers concerned with procurement or disposal proceedings in issue
- ▶ The discipline of Accounting officer of any procuring entity.
- ▶ Temporary transfer of procuring and disposal functions of a PE to another entity or consultant.
- ▶ Reference to ICPC or EFCC for investigation and prosecution.
- ▶ Issuance of variation Orders

**Any other sanction that the Bureau may consider appropriate.**

11

### Speaker Notes

The BPP is to recommend to the NCP:

- 1) Suspension of an officer involved in sharp practices in procurement processes.
- 2) Disciplinary action against any accounting officer found involved in bad procurement practice



- 3) Temporary transfer of procurement and disposal functions of a PE to another entity when that PE is found to be not complying with procurement guidelines
- 4) Referring a procurement investigation to the ICPC or EFCC
- 5) Issues no objection for variation orders i.e. approval to increase or augment contract sum

## Slide 18

**Principles for Public Procurement**

**Subject to set thresholds be based on;**

- Prior procurement Plans, and prior budgetary appropriation
- Be not formalized until funds are available
- Be by open competitive bidding(exceptions)
- Be transparent, timely, ensure accountability
- Promote Competition Economy and efficiency
- Be in accordance with the law and rules issued therefrom

### Speaker Notes

Principles for Public Procurement enshrined in the PPA2007:

- 1) Prior procurement plans and budgetary provisions to ensure efficiency and effectiveness
- 2) Procurement must not be formalized until funds are available to ensure that there are no abandoned projects and for fairness to the contractors
- 3) Ensure open competitive bidding unless where inappropriate like in emergency or national security situations open competition leads to best prices and value for money
- 4) Transparency and accountability clear rules and practitioners to be held accountable for the success of the procurement

A procurement system that fails to take the above elements stimulates hesitation to compete, submission of inflated tenders followed by delayed or defective performance. Other results include collusion in bribery, betrayal and abuse of public trust.

## Slide 19

### GENERAL QUALIFICATION OF BIDDERS

- ▶ Professional & Technical qualifications to carry out particular procurement
- ▶ Financially capability
- ▶ Technical capability
- ▶ Qualified manpower
- ▶ Legal capacity to enter into contract
- ▶ Has no criminal records either directly or indirectly.

### Speaker Notes

#### General Qualifications of Bidders:

- 1) Professional and technical qualifications the bidder must have acquired all professional and technical qualifications required for the successful execution of the project being bidden for
- 2) Financial capability annual turnover and tender capacity should be as specified under the SIT; bidders should submit satisfactory bank references showing availability of funds or credit as required to complete the project; also bidders should submit evidence that all claims and cases have been resolved or have no significant effect on the project
- 3) Manpower bidders shall have minimum level of personnel capacity for the performance of the works such as project managers, engineers, technicians and other key staff
- 4) Legal Capacity bidders must be registered with the CAC and other statutory bodies such as the FIRS
- 5) Has no criminal records convicted for procurement related offences or fraud. Conviction for traffic offences will be not considered here.

Slide 20

**GENERAL QUALIFICATION OF BIDDERS (Cont'd)**

- ▶ Possess legal capacity to enter a contract.
- ▶ Not be in receivership
- ▶ Have fulfilled all its obligations to pay taxes, pension contributions.
- ▶ Not have any director who has been “convicted in any country for any criminal offence relating to fraud or financial impropriety.”etc
- ▶ Accompany every bid with an affidavit of disclosure – whether any officer of relevant MDA or Bureau is a former or present Director, Shareholder or has any pecuniary interest in any bidder.
- ▶ Provide any documentary evidence or otherwise required by the MDA as proof of its qualification

21

Speaker Notes

General Qualifications of Bidders (continued):

- 1) Legal ability to enter contract bidders must be registered with the CAC as a company.
- 2) Tax Obligations and Pension Contributions bidders must have a valid tax clearance certificate issued by the FIRS and provide evidence of contributions to any approved pension scheme
- 3) Bidders must not have and director who has been convicted in any country for criminal offence relating to fraud, procurement infringement and financial impropriety
- 4) Affidavit of disclosure that no director is an official of the BPP or the PE
- 5) Any other documentary evidence as required by the PE

Slide 21

**GROUNDS FOR DISQUALIFICATION OF BIDS AND OR BIDDER**

- ▶ Established evidence of promise or gift of money, tangible item or other quantifiable benefit --- (former or current employee) of MDA or Bureau to influence procurement.
- ▶ A contractor failing to perform or exercise due care in performance of a procurement contract in the last proceeding three years
- ▶ Bidder whose name is in the list of Debarred contractors
- ▶ In receivership or insolvency
- ▶ Failed to Pay taxes or pension contributions

21

Speaker Notes

The speaker should comment that this section is adequately covered under the module 'Prequalification of Contractors', thus will not be discussed in detail here.

Grounds for Disqualification of Bids or Bidders

- 1) A bidder will be disqualified if there is evidence that the bidder promised or has given some gift to any official of the PE or MDA or BPP
- 2) A bidder will also be disqualified if there is evidence that they failed to exercise due care in the performance of any procurement contract within the preceding three years
- 3) A bidder will be disqualified if they are listed among debarred contractors
- 4) A bidder may be disqualified if there are in receivership or insolvency i.e. from their balance sheet it can be shown that their current liabilities exceed their current assets
- 5) A bidder may be disqualified if there do not have a valid tax clearance certificate issued by the FIRS and or cannot provide evidence of contributions to any approved pension scheme

## Slide 22

**Cont....**

- Bidder is convicted and sentenced for a procurement crime or one relating to financial impropriety or
- Has in its board, management or is owned by a person so convicted.
- Bidder fails to submit a statement in respect to its dominating or subsidiary relationship with any other bidder
- Bidder exclusion should be in writing stating reasons

### Speaker Notes

#### Grounds for Disqualification of Bids or Bidders (contd):

- 1) Bidder has been convicted by a court of law for offences relating to financial impropriety or fraud
- 2) Or a board member of owner of the company has been so convicted
- 3) If the bidder fails to disclose in a statement to be included with the bid, any relationship with any of the other bidders
- 4) When bids are so excluded, it shall be done in writing with the reasons so given without exposing the PE to legal action.

## Slide 23

**PROCUREMENT PLANNING – WHAT IT ENTAILS!**

- Preparing the needs assessment & evaluation
- Identifying the goods, works or services required,
- Carry out appropriate market and statistical survey and on that basis prepare cost implications of proposed procurement.
- Aggregating its requirement to obtain economy of scale & reduce procurement cost
- Specify standards of goods, works or service
- Specify qualifications of bidders
- Recommend method for procuring each item
- Prepare bidding documents

### Speaker Notes

The speaker should comment that this section is adequately covered under the module 'Procurement Planning & Methods, thus will not be discussed in detail here.

Procurement Planning entails:

- 1) Preparation of the needs assessment for the project which is the basis of appropriation for the project.
- 2) Execution of appropriate market survey and price estimates which can be done in-house whether the expertise exists or may be outsourced.
- 3) Aggregation of requirements to obtain economy of scale where various departments are buying the same things, procurement planning offers the opportunity to aggregate these purchases and therefore allow the PE gain from the economy of scale
- 4) Specifications of goods, works and services to ensure that the bidders are going to bid for the same things thereby reducing subjectivity in the comparison of bids
- 5) Choose the method of procurement such as ICB, NCB, National Shopping, etc according to scale and complexity of the projects  
Prepare bidding documents using the SBDs and RFPs released by the BPP

### Slide 24

**PROCUREMENT PLANNING  
COMMITTEE (PPC) – (Cont'd)**

▶ **Membership**

- Accounting Officer or its representative to chair.
- Procurement Unit - to serve as Secretary
- Unit directly in requirement of procurement
- Financial Unit of the MDA
- PRS Department of MDA
- Technical personnel of MDA with expertise in the subject matter for each particular procurement.
- Legal Unit of the procuring entity

Speaker Notes

The speaker should comment that this section is adequately covered under the module 'Procurement Planning & Methods, thus will not be discussed in detail here.

Procurement Planning Committee Membership:

The membership of the PPC is to include the following:

- 1) Accounting Officer or his representative to chair
- 2) A member of the procurement unit to serve as secretary and be responsible for keeping the records intact for procurement review or audit
- 3) A member of the unit directly in requirement of the procurement to ensure stakeholder participation
- 4) A member of the financial unit to cater for the financial issues
- 5) A member of the PRS dept of the PE
- 6) A technical personnel of the MDA with expertise in the subject matter for each particular procurement.
- 7) A member of the legal unit of the PE

Slide 25

**RESPONSIBILITY RESTS ON**

- ▶ **Permanent Secretaries for the Ministries;**
- ▶ **Directors-General/CEO for Corporations/Commissions**

Speaker Notes

Responsibility:

Where the accounting officer (a Permanent Secretary in the case of a Ministry or a Director General in the case of a parastatal or commission) has delegated this role he still bears responsibility for the success or failure of the representative.

Slide 26

**RESPONSIBILITIES OF ACCOUNTING OFFICERS (Cont'd)**

- Line Supervision of procurement (Must not influence outcomes)
- Constituting the Procurement Committee and its decisions;
- Ensuring that adequate appropriation is provided specifically for the procurement in the Federal Budget.
- Integrating his entity's procurement expenditure into its yearly budget
- Ensuring that no reduction of values or splitting of procurements is carried out such as to evade the use of the appropriate procurement method.
- Constituting the Evaluation Committee
- Liaising with the Bureau (BPP) to ensure implementation of its regulation
- Ensuring full compliance with the law

Speaker Notes

Responsibilities of the Accounting Officer:

- 1) Supervision without directing or influencing the outcome
  - 2) Constituting the Procurement committee according to the PPA 2007
  - 3) Ensuring that there is appropriation for all the procurements to be undertaken by the PE
  - 4) Integrating procurement expenditure into annual budget of the PE
  - 5) Ensuring that the PE is not involved in splitting of contracts to bypass approving authority or so that a less competitive procurement method may be used
  - 6) Constituting the Evaluation Committee which should be a subcommittee of the Tender Board
  - 7) Liaising with BPP for the successful implementation of procurement rules and regulations
- Ensuring due process and full compliance with relevant laws



Slide 27

## RESPONSIBILITIES OF ACCOUNTING OFFICERS (Cont'd)

- › Ensure that the department is adequately staffed with people with technical and Procurement expertise in relation to the mandate of the Ministry.
- › Ensure that that the department is allowed free hand to operate without undue directives that might affect the integrity of the procurement process.
- › Shall not influence in which ever manner the outcome of the evaluation process
- › Initiate disciplinary action against any person who violates the provisions of the Actor regulations.
- › Encourage all staff to disregard any directive that is not in consonance with the Regulations of the Act.
- › Determining Complaints

### Speaker Notes

#### Responsibilities of the Accounting Officer (contd):

- 1) Ensuring proper and efficient staffing of the procurement department and all other committee related to procurement
- 2) Must ensure that procurement is undertaken without interference in the form of directives that might affect the integrity of the process
- 3) Must not influence in any manner the outcome of the evaluation process
- 4) Initiate disciplinary action against officials who violate the provisions of the act or the regulations guiding procurement
- 5) Encourage officials to disregard directives that are not in agreement with the act
- 5) Determining complaints from bidders and staff and forwarding to BPP such that requires BPP's attention

Slide 28

## Methods of Procurement

- ▶ **Open competitive Bidding (default Method) with following exceptions**
  - Two Stage Tendering
  - Restricted Tendering
  - Request for Proposals
  - Emergency Procurement

### Speaker Notes

The PPA 2007 provides for various methods of procurements depending on the type, scale complexity of the project and the exigency of the situation as follows:

- 1) **Open Competitive Bidding:** This is the preferred method, it involves a specific procurement notice in the form of advertisement in two national dailies, public bid opening, bid evaluation affording all interested bidders equal and simultaneous opportunities and award of contract to the lowest evaluated responsive bidder
- 2) **Two Stage Tendering:** This involves the contractors submitting an initial tender which is a technical proposal without a tender price but relating to the technical quality and others characteristics of the goods, works or services as well as contractual terms, professional competence and technical qualifications. In the second stage, the PE shall invite those whose initial tenders have not been accepted, to compete by submitting a priced tender on a more defined scope of works.
- 3) **Limited or Restricted Tendering:** This is where the invitation to bid is directly addressed to a pre-selected short-list of contractors but efforts must be made to ensure a broad list of contractors to ensure competition.
- 4) **Emergency Procurement:** to be used in emergency situations where the country is seriously threatened or actually confronted by disaster, war, Act of God, etc.

Slide 29

## Pre-Qualification/Expression of interest

- MDA's that have decided the minimum qualification of contractors or service providers required for a particular procurement can call for pre-qualification.
- Solicitation for Expression of Interest by newspaper advert
- They must set out the precise criteria upon which it will pre-qualify or shortlist and apply only the set criteria.

### Speaker Notes

The speaker should comment that this section is adequately covered under the module 'Prequalification of Contractors', thus will not be discussed in detail here.

Expression of Interest: According to the PPA2007 Section 44, it is used where a PE wishes to procure services for its need which are precise and ascertainable

- 1) It shall solicit for EOI to prequalify by advert in 2 national dailies
- 2) And where the value of the services is less than N1m or approval has been obtained from the BPP especially for low value services, the PE may without advert shortlist between 3 to 10 consultants to provide proposals in response to standard RFPs

Prequalification: According to the PPA2007 Section 23 (1), it is used where a PE has made a decision with respect to minimum qualifications of the contractors, the PE sets precise criteria for evaluating contractors and thus uses these criteria in a pre-qualification process to arrive at the short-list of contractors to be invited to bi

## Slide 30

### Cont...

- ✦ **Supply same set of pre-qualification documents/requirements to all contractors**
- ✦ **Charge a price that reflects only costs of printing and provision to contractors.**
- ✦ **For services, issuance of RFP follows short-listing .**
- ✦ **The difference arises from the different parameter for selection of winners**

### Speaker Notes

Prequalification (continued): According to the PPA2007 Section 23 (2-3),

- 1) The PE shall supply same set of prequalification documents to each of the contractors
- 2) The PE shall charge a price not more than for cost recovery of costs of printing and provision of documents to contractors
- 3) In the case of services, issuance of RFP follows short-listing of consultants
- 4) No much difference between the procedure for EOI and Prequalification, major difference arise in the criteria used for evaluation

## Slide 31

### COMMON STRATEGY-TB

- ✦ **Advertisement for solicitation of bids in National Newspapers/Federal Tenders Journal**
- ✦ **Invitation of TWO credible persons – representing a relevant private sector professional body and non-governmental anti-corruption organization to observe.**
- ✦ **Transparent Bid Opening Proceedings**
- ✦ **Transparent Examination &Evaluation Process**
- ✦ **Approval by the authority before award.**
- ✦ **DEBRIEF the bid losers on request!**

## Speaker Notes

### Key Elements of a Competitive Bidding Strategy

- 1) Advertisement in at least two national dailies for NCB plus one international journal for ICBs PPA2007 Section 25 (1-2)
- 2) Invitation of a member of professional body and a member of an NGO additional requirements introduced by the BPP after the PPA2007
- 3) Bid opening soon after bid closing deadline at time and place stipulated in advert and bidding documents according to PPA2007 Section 30
- 4) Bid Examination according to Section 31 to determine substantially non-responsive bids that will be excluded from further evaluation
- 5) Bid evaluation according to Section 32
- 6) Details of the above in the presentation on Bid Opening and Evaluation

## Slide 32

### SUBMISSION OF BIDS

- All bids shall be deposited in secured tamper-proof bid box.
- All procuring entities shall issue receipts showing the date and time the bid was delivered.
- Any bid received after the deadline for the submission shall not be opened and must be returned to the supplier or contractor

## Speaker Notes

The speaker should comment that this section is adequately covered under the module 'Procedures for Bid Opening, Examination & Evaluation', thus will not be discussed in detail here.

### Submission of Bids PPA2007 Section 27:

- 1) All bids are to be submitted in writing and signed by an authorized official and

sealed in an envelope

- 2) All bids must be deposited in secured tamper proof bid-box
- 3) All bids shall be in English Language
- 4) The PE shall issue receipts showing the date and time the bid was delivered
- 5) All late bids shall be returned unopened
- 6) No communication shall take place between PE and contractors other than as provided in this Act.

### Slide 33

**SUBMISSION OF BIDS (Cont'd)**

- ▶ **A supplier or contractor may withdraw or modify his bid prior to the deadline for the submission of bids and is effective so long as it is received by the MDA before the deadline for the submission of bidders**

#### Speaker Notes

Withdrawal of Bids after submission PPA2007 Section 29:

- 1) A PE may ask contractors to extend their bids validity period
- 2) A contractor has the right to refuse to extend their bids
- 3) A contractor may only modify his bid insofar as the modification is received by the PE before the deadline for the submission of bids

Slide 34

## OPENING OF BIDS

- Bidders must be permitted to examine envelopes to ensure bids have not been tampered with.
- Bids must be opened in public with bidders in attendance and any interested members of the public.
- Bids must be opened immediately following the deadline stipulated for submission.

### Speaker Notes

Procedure for Bid Opening PPA2007 Section 30:

- 1) Attendees must be permitted to examine the envelopes to ensure that the envelopes have not been tampered with
- 2) Bids are to be opened in public in presence of the bidders and their representatives and other members of public
- 3) Bid opening to take place immediately after deadline for submission of bids

Slide 35

## OPENING OF BIDS (Cont'd)

- Register of names & addresses of all those present at the bid opening indicating the organization they represent
- Call to the hearing of all present and address of each bidder, the total amount of each bid and bid currency, and ensure they are recorded in Bid opening register by Tender Board Secretary or his nominee

Speaker Notes

Procedure for Bid Opening (continued) PPA2007 Section 30:

- 1) Ensure that register of attendees is kept by Secretary of the tenders board  
Call over to the hearing of all present, the name and address of each bidder, the total amount of each bid and other details and record all in the minutes of the bid opening

Slide 36

## BID EVALUATION

- **Bid Evaluation** will generally be preceded by **examination** of bids to ensure that the minimum eligibility requirements stipulated in the bidding documents are met, that the bid is *responsive and duly* endorsed.

Speaker Notes

The speaker should comment that this section is adequately covered under the module 'Procedures for Bid Opening, Examination & Evaluation', thus will not be discussed in detail here.

Evaluation of Bids Section 32

- 1) First, bid examination first to exclude bids which are not responsive and have not been duly endorsed
- 2) Only criteria stipulated in tender documents to be used for bid evaluation

Slide 37

## EVALUATION CONT

- After Opening of Bids, information relating to examination, clarification and evaluation of bids and recommendation, concerning award *shall not be disclosed* to bidders or persons not officially concerned with the evaluation process until the successful bidder is notified of the award.



### Speaker Notes

The speaker should comment that this section is adequately covered under the module 'Procedures for Bid Opening, Examination & Evaluation', thus will not be discussed in detail here.

### Evaluation of Bids Section 32 (8)

After opening of bids, information relating to examination, clarification and evaluation of bids and recommendations concerning award shall not be disclosed to the bidders or to persons not officially concerned with the evaluation process until the successful bidder is notified of the award

### Slide 38

**PURPOSE OF EVALUATION**

- ▶ **To determine and select the lowest evaluated responsive bid. (Goods & Works)**
- ▶ **No other criteria shall be used except as stipulated in the solicitation documents.**
- ▶ **Prompt notice shall be given to the contractor of any arithmetic errors that are discovered during the examination of tenders**

### Speaker Notes

#### Evaluation of Bids Section 32

- 1) To determine and select the lowest evaluated responsive bid
- 2) No other criteria to be considered except that stipulated in the tender documents
- 3) Arithmetic errors and corrections discovered during examination of bids  
Bidders to be informed and asked to accept corrections

Slide 39

### CRITERIA FOR SELECTING WINNING PROPOSALS

- The **responsive** proposal with the lowest price in case of least cost selection. or
  - The **responsive** bid or proposal with the best combined evaluation in terms of criteria set with respect to technical and price factors in the case of quality and cost based selection, or
  - The **responsive** bid with the highest technical ranking within the budget
- Goods, Works and Services**

#### Speaker Notes

The speaker should comment that this section is adequately covered under the module 'Prequalification of Contractors & Selection Methods', thus will not be discussed in detail here.

#### Selection of Proposals Section 51 and 52

- 1) In the case of Least Cost Selection Method, the winner shall be the proposal with the lowest price from among those with technical scores exceeded the cut-off technical score
  - 2) In the case of Quality and Cost Based Selection, the winner shall be the proposal with the best combined weighted technical and financial scores
- In the case of Fixed Budget Selection, the winner shall be the proposal with the highest technical score among the financial proposals within the fixed budget

Slide 40

PAYMENT TO CONTRACTORS (Cont'd)

- ▶ **Mobilization Fees – NOT COMPULSORY!**
- ▶ **Maximum of 15% Contract Sum allowed, but;**
- ▶ **On provision of UNCONDITIONAL Bank Guarantee or Insurance Bond**

Speaker Notes

Payment to Contractors Section 35

- 1) Mobilization Fees is not compulsory, it shall be paid when requested by the contractor but not more than 15% of the contract sum
- 2) The contractor must provide unconditional advance payment guarantee whose wording and format must be as presented in the tender documents

Slide 41

PAYMENT TO CONTRACTORS (Cont'd)

- ▶ **Performance Bond to be provided by successful bidders.**
- ▶ **Delay in payment after 60 days of valuation of certification attracts interest at a rate; usually at CBN rate.**

## Speaker Notes

### Payment to Contractors (continued) Section 36 and 37

- 1) Where advance payment is to be made, a performance guarantee not less than 10% of the contract sum is due as a precondition of contract award
- 2) Payments on contracts shall be settled promptly as any delay up to sixty days from submission of invoice shall attract interest at a rate set in the contract usually a rate with a spread over CBN interest rate.

## Slide 42

**ACCESS to Information**

- ▶ Grants public access to information, after a tender proposal, offer or bid has been accepted or proceeding has been terminated without resulting in procurement. S 38
- ▶ Provides for debriefing of Bid losers on request S (19e)
- ▶ All Communications must be in writing
- ▶ PE to submit records and information on procurement to the Bureau in a format determined by the Bureau.
- ▶ Prior to selection of a winner, procurement information can only be disclosed by leave of court.

## Speaker Notes

The speaker should comment that this section is adequately covered under the module 'Understanding Access to Information', thus will not be discussed in detail here.

Various sections under the PPA2007 provide for access to information:

- 1) Section 38 (2(a)) provides for public access after a tender, proposal, offer or quotation has been accepted or after procurement proceedings have been terminated without resulting in a procurement contract
- 2) Section 19(e) provides for the de-briefing of bid losers on request
- 3) All communication must be in writing
- 4) Section 38 provides that all PE shall maintain record of the procurement proceedings, make available all records for inspection to the BPP, an investigator appointed by BPP or the Auditor-General upon request or by order of a court

## Slide 43

### Access to Information Cont

- ▶ All unclassified records of procurement shall be open to inspection by the public at the cost of copying and certifying of the documents and an administrative fee.
- ▶ The Bureau is to establish a single internet portal which shall be a primary definitive source of procurement information in the country.
- ▶ The Bureau shall publish details of all Procurement contracts

#### Speaker Notes

The speaker should comment that this section is adequately covered under the module 'Understanding Access to Information', thus will not be discussed in detail here.

Various sections under the PPA2007 provide for access to information:

- 1) All unclassified records of procurement shall be open to inspection by the public at cost of reproduction and certifying plus administrative fee
- 2) Amongst the functions of the BPP, is the establishment of a single internet portal which shall be a primary source of procurement information in Nigeria and also that the BPP shall publish all procurement and contract details
- 3) Section 19(e) provides for the de-briefing of bid losers on request
- 4) All communication must be in writing
- 5) Section 38 provides that all PE shall maintain record of the procurement proceedings, make available all records for inspection to the BPP, an investigator appointed by BPP or the Auditor-General upon request or by order of a court

Slide 44

## Dispute Resolution

- ▶ All complaints must first be addressed to the Accounting Officer.
- ▶ Accounting officer to decide complaint in writing addressed to complainant within 15 working days,
- ▶ Provides right of appeal to Bureau if there is ( failure to decide or if unsatisfied by decision).
- ▶ Bureau has to decide in writing within 30 working days.
- ▶ Provides access to courts

### Speaker Notes

The speaker should comment that this section is adequately covered under the module 'Complaints and Recourse Mechanism', thus will not be discussed in detail here.

### Administrative Review and Dispute Resolution Section 54:

- 1) All complaints shall first be submitted in writing to the accounting officer of the PE
  - 2) Accounting Officer to decide complaint within 15 working days and communicate to complainant in writing
  - 3) Complainant may write to the BPP within additional 10 working days if not satisfied with resolution of Accounting Officer
  - 4) BPP has 21 working days to deal with complaint
- On failure of all, complainant may proceed to court within 30 days of the receipt of BPP decision

Slide 45

## Disposal of Assets

- Every Procuring entity shall also be a disposing entity.
- Open Competitive Bidding shall be the primary source of receiving offers for the purchase of public property.
- Methods of disposal shall include; sale and rental, lease and hire purchase, licenses and tenancies, franchise and auction.
- Planning of disposal shall include valuation by independent professional.

Disposal must be integrated into budget of procuring entity

Speaker Notes

Disposal of Public Property Section 55 and 56:

- 1) This section applies subject to Public Enterprises Act 1999

Slide 46

## PENALTY FOR VIOLATORS

- **Sanctions**
- Debar any Supplier or Contractor for a term – as may be specified in the regulations.
- May recommend to Council for:
  - Suspension of officers concerned.
  - Replacement of Head of Procurement.
  - Discipline the Accounting Officer
  - Temporary transfer of procuring function of the entity to a Third Party .
- Nullify the whole or any part of the procurement proceedings

### Speaker Notes

#### Penalty for Violators - Sanctions:

- 1) Debarring of Contractors by BPP
- 2) NCP to suspend officers concerned, replace head of procurement, discipline Accounting Officer, and or temporarily transfer procurement function of the PE to another entity
- 3) BPP to nullify whole or any part of the procurement proceedings

### Slide 47

**Cont.....**

- Refer cases to ICPC or EFCC for investigation and prosecution.
- Issuance of variation Orders
- Any other sanction that the Bureau may consider appropriate.

### Speaker Notes

#### Penalty for Violators - Sanctions:

- 1) Refer cases to ICPC or EFCC for further investigation and prosecution
- 2) Any other sanction that the BPP may consider appropriate

### Slide 48

**Offences**

- Bid Rigging – Pre-arrangement of offers where winners have been predetermined
- Collusion
- Splitting of contracts
- Procurement Fraud using undue influence, favour, bribery,
- Altering procurement document
- Willful refusal to allow Bureau and its officers access to any procurement records
- Using fake documents like TCC, etc.



Speaker Notes

Penalty for Violators - Offences:

- 1) Bud rigging, collusion, contract splitting, fraud, falsification of documents, wilful refusal to provide access to information in line with the Act, use of fake documents, etc

Slide 49

**PENALTY FOR VIOLATORS (Cont'd)**

**AND**

- **Contractors, Suppliers, Vendors**
  - Jail term of 5 Calendar years but not more than 10 years without option of fine.
- **For officers of the Bureau, MDAs**
  - Not less than 5 Calendar years but not more than 10 years without option of fine.
  - Summary Dismissal from Government Service.

Speaker Notes

Penalty for Violators:

- 1) Contractors, Suppliers and Vendors: 5 to 10 years imprisonment without option of fine
- 2) Officers of the Bureau and MDAs: 5 to 10 years imprisonment without option of fine plus summary dismissal from public service

Slide 50

**PENALTY FOR VIOLATORS (Cont'd)**

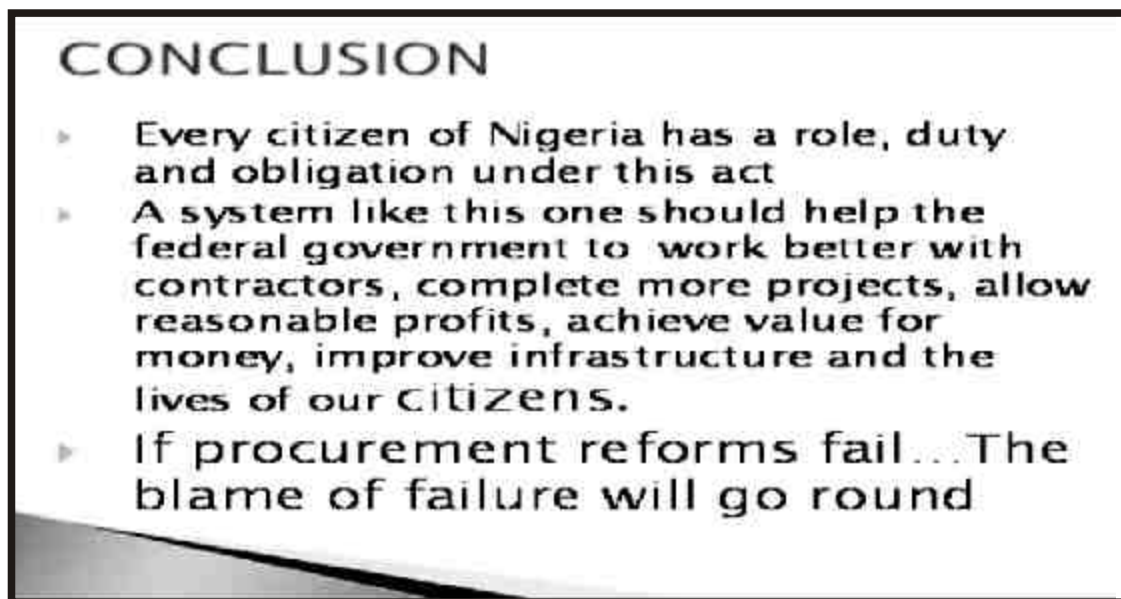
- **For Corporate Bodies**
  - Debarment from all public procurement for a period of not less than 5 Calendar years; plus
  - Fine equivalent to 25% of the value of the procurement.
  - Directors of the company as listed in CAC shall be liable to a jail term of not less than 3 Calendar years but not exceeding 5 years without option of fine.

Speaker Notes

Penalty for Violators:

Corporate Bodies: debarment from all public procurement for up to 5 years plus fine of up to 25% of the value of the procurement; directors of the company may be liable to 3 to 5 years imprisonment without option of fine

Slide 51



Speaker Notes

Speaker may conclude by reiterating how every citizen of Nigeria has a role, duty and obligation under the Act from the contractors to the public servant to the civil society and the general public.

Also that we all share blame for any failure in the procurement system

Slide 52



Speaker Notes

Normally a Question and Answer session should follow.

## 3.0 Module II: Procurement Planning and Methods

### 3.1 Module Objectives

#### 3.1.1 Rationale

Perennially, many MDAs have failed to complete their procurement exercises within the financial year culminating in the regular parlance of “budget lapses” where some they fail to implement their budgets completely and satisfactorily. These lapses have been traced to poor planning of procurement processes.

Planning simply put is about converting tomorrow to today. Planning provides clarity to know what we will be doing on a daily basis. Planning can become a poor effort towards achievement when it is not efficiently done and efficiently implemented.

Procurement planning has been prescribed in the PPA 2007 for all procuring entities, noting that with all endeavours we have better chances of succeeding when we have plans and follow the plans appropriately

#### 3.1.2 Objective

The objective of this module is that participants should gain a sound and working understanding of procurement planning and methods thus enhance the work of the participants as they monitor public procurements in Nigeria.

This knowledge will provide them with the requisite skills to read the procurement plans of MDAs and assess their appropriateness for delivering on an efficient procurement at the same measuring the compliance with plan of the execution of the procurements.

### 3.2 Module Programme

The module programme covers the following - objectives of procurement planning i.e. what we intend to achieve by procurement planning, impact of procurement planning on public procurement activities, various methods of procurement and their usage, preview of a typical procurement plan template and general advice to MDAs on procurement planning

### 3.3 Module Reading

#### 3.3.1 Essential reading

- 1) Public Procurement Act 2007
- 2) Procurement Procedures Manual for Public Procurement in Nigeria issued by BPP
- 3) Procurement Planning and Methods presentation by BPP

#### 3.3.2 Further reading

- 1) Public Procurement Act 2007

### 3.4 Module Content

#### Slide 1

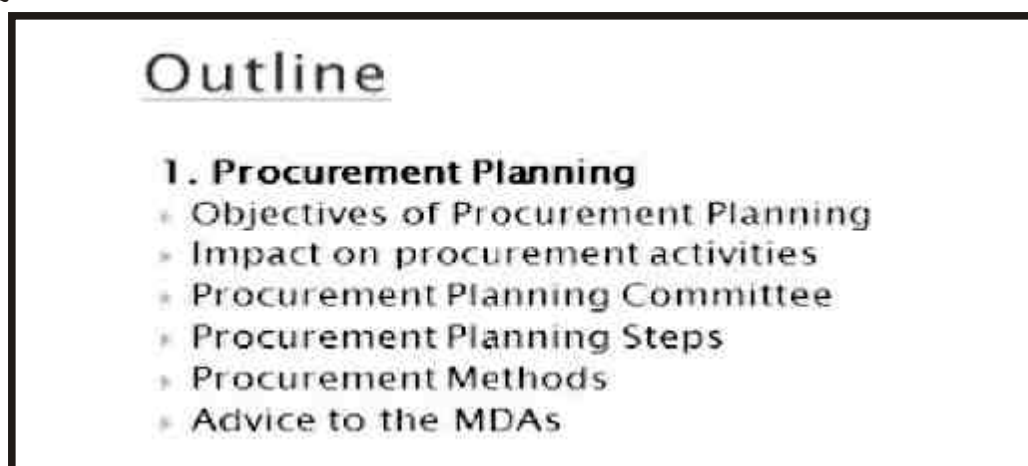


#### Speaker Notes

The speaker should start the presentation with:

- A self introduction of qualifications and experience in the topic
- Explain that procurement planning has been prescribed in the PPA 2007 for all procuring entities, noting that with all endeavours we have better chances of succeeding when we have plans and follow the plans appropriately.

#### Slide 2



#### Speaker Notes

The speaker introduces a brief outline of the presentation:

- Objectives of procurement planning i.e. what we intend to achieve by procurement planning.
- Impact of procurement planning on public procurement activities
- Procurement Planning Committee
- Procurement Planning Steps
- Various methods of procurement and their usage
- General advice to MDAs on procurement planning

Slide 3

## Procurement Planning

- ▶ **Procurement Planning** is the process used by ministries, departments, agencies and institutions to plan procurement activity for a specific period of time.
- ▶ The primary concept of procurement is that advanced planning, scheduling, and group buying will result in cost savings, more efficient operation, and therefore improved use of public funds.

### Speaker Notes

#### Procurement Planning:

- Procurement Planning is the process used by ministries, departments, agencies and institutions to plan procurement activity for a specific period of time usually for a financial year
- The primary concept of procurement is that advanced planning, scheduling, and group buying will result in cost savings, more efficient operation, and therefore improved use of public funds being the major objectives of a good procurement system.

## Slide 4

### Procurement Planning (Section 18 of the PPA, 2007)

Stipulates that a procuring entity shall plan its procurement by:

- a) preparing the needs assessment and evaluation
- b) identifying the goods, works or services required
- c) carrying appropriate market and statistical surveys and on that basis prepare an analysis of the cost implications of the proposed procurement
- d) aggregating its requirements whenever possible, both within the procuring entity and between procuring entities, to obtain economy of scale and reduce procurement cost
- e) integrating its procurement expenditure into its yearly budget
- f) prescribing any method for effecting the procurement subject to the necessary approval under this Act; and
- g) ensuring that the procurement entity functions stipulated in this Section shall be carried out by the Procurement Planning Committee

### Speaker Notes

Procurement Planning according to Section 18 of the PPA2007, stipulates that a procuring entity shall plan its procurement by:

- preparing the needs assessment and evaluation
- identifying the goods, works or services required
- carrying appropriate market and statistical surveys and on that basis prepare an analysis of the cost implications of the proposed procurement
- aggregating its requirements whenever possible, both within the procuring entity and between procuring entities, to obtain economy of scale and reduce procurement cost
- integrating its procurement expenditure into its yearly budget
- prescribing any method for effecting the procurement subject to the necessary approval under this Act; and
- ensuring that the procurement entity functions stipulated in this Section shall be carried out by the Procurement Planning Committee

## Slide 5

Impact on procurement activities

- Aim is to have plans ready to commence implementation once budget is approved
- Start “front end” procurement processes prior to Budget approval
- Accelerate procurement processing time
- Identify potential problems in the procurement process and find solutions
- As a tool for monitoring and evaluating procurement performance and efficiency

### Speaker Notes

#### Impact on Procurement Activities

Aim is to have plans ready to commence implementation once budget is approved, especially with the sometime late passage of the budget

- ? Start “front end” procurement processes prior to Budget approval; front end refers to the advertisement, prequalification and other stages that can be undertaken even when the full scope and funding for the project is not yet determined
- ? Accelerate procurement processing time; planning ensures efficiency
- ? Identify potential problems in the procurement process and find solutions; instead of when it is too late
- ? As a tool for monitoring and evaluating procurement performance and efficiency.