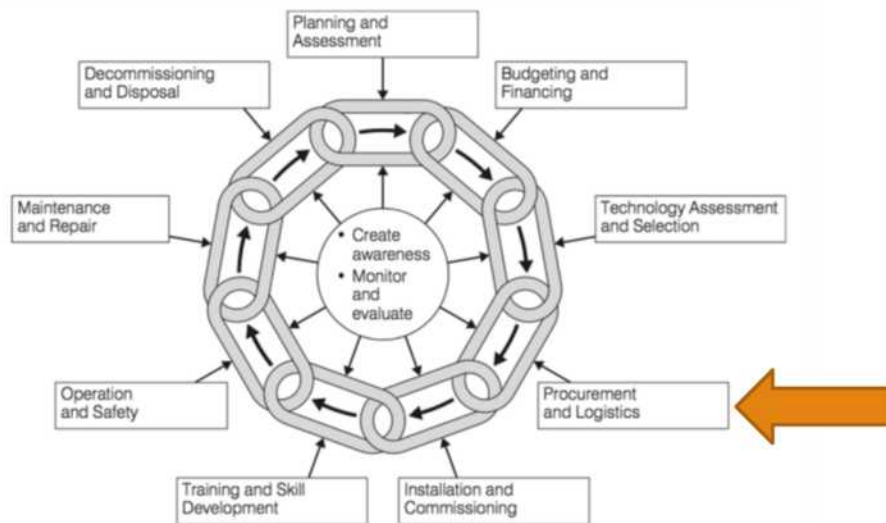


Prepare Tendering Documents

- Prepare tender documents



Unit B 9.3 Procuring medical equipment

Module 279 09 B Medical Equipment Management and Maintenance

Tenders: when ?

Most purchasing above a certain value is undertaken using a tender process. The reason a tender process is preferred is due to its nature, which:

- is **formal** and **regulated**. Above certain order values, it **must** be undertaken according to international rules.
- allows **any supplier** to place an offer. In other words, it is open to 'free market' forces.
- uses a **standard written bidding format** which ensures all suppliers provide information and prices for the same specified elements of the bid, and there is no space for anyone to offer added incentives. In other words, it is transparent.
- ensures that **each supplier's bid is confidential** and that no supplier can know what their competitors are offering. A tender process also encourages each supplier to provide a good offer if they hope to win. In other words, it makes the bidding competitive.
- **does not allow negotiation** between the supplier and health service staff, which de-personalizes the process. In other words, it avoids corruption.
- **has formal written procedures** and rules which are quasi-legal. In other words, breaking the rules amounts to fraud/criminal deception.

Tendering: Advantages and Disadvantages

Advantages

- suitable when multiple reputable suppliers are available and likely to be interested
- suitable for large contracts, large equipment value, and high volume/bulk equipment purchase
- suitable when transparency and formal procedures are required to avoid allegations of corruption
- suitable if funding organizations require a process open to the free market competition

Disadvantages

- suppliers may quote a price that is too low in order to win, leading to subsequent disputes if goods or services supplied are unsatisfactory
- once the bid is closed, you cannot change any of the tender conditions
- unsuitable for technically complex equipment
- a slow process and therefore not suited for emergencies
- an expensive process in terms of administration (clerical staff, stationery, postage costs, etc.)
- requires a high level of purchasing expertise, including knowledge of sources and supplier qualifications, preparation and evaluation of bids, etc

Tender procedure: Steps

1. Document preparation
2. Publication
 - **Invitation to Bid**
 - **Purchase Documents**

This Lecture

3. Opening bids
4. Analysis of bids
5. Notification
6. Contract preparation
7. Fabrication & Delivery time
8. Installation, Commissioning & Training

Invitation to Bid



MILENGE DISTRICT COUNCIL

INVITATION FOR BIDS

TENDER No. MDC/2016/01/01 - MIDC: TENDER FOR SUPPLY AND DELIVERY OF A 10TON TIPPER TRUCK IN MILENGE DISTRICT IN LUAPULA PROVINCE OF ZAMBIA

Milenge District Council is inviting sealed bids from eligible suppliers to bid for the supply of a brand new 10 tone Tipper Truck.

Interested bidders may purchase Bidding documents from Milenge District Council, Saka Road, P.O box 570801, Luapula Province, Zambia, upon payment of a **non-refundable fee of K500.00** in cash or bank certified cheque.

Sealed bids must be deposited in the Tender Box situated at the Civic Centre, Milenge District Council, on or before Friday 26th February, 2016 at 10:30 hour's local time. **LATE BIDS SHALL NOT BE ACCEPTED**

The bids will then be opened immediately thereafter in the Council Chamber at the Civic Centre, Milenge District Council, in the presence of bidders or their representatives who choose to attend.

HOWEVER, E-MAIL OFFERS SHALL NOT BE ACCEPTED.


Caroline C.M. Mphande

Council Secretary
MILENGE DISTRICT COUNCIL

Invitation to Bid

The (short) **Invitation to Bid** includes:

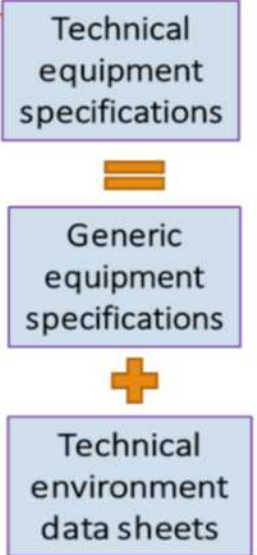
- the nature of the purchase (what goods or services are required, for what purpose, etc.)
- the purchasing group that is asking for offers
- the procedures to be used for the purchase
- conditions under which bids/quotes will be accepted (received complete and on time, all formalities are met, etc.)
- how the **purchase document** (bidding document) can be obtained
- address for submission
- closing date for bids/quotes
- further details (date of opening of bids/quotes, validity period of prices/offer, etc.).



the Invitation to bid can appear as advertisement in a newspaper

The Purchase Document contains:

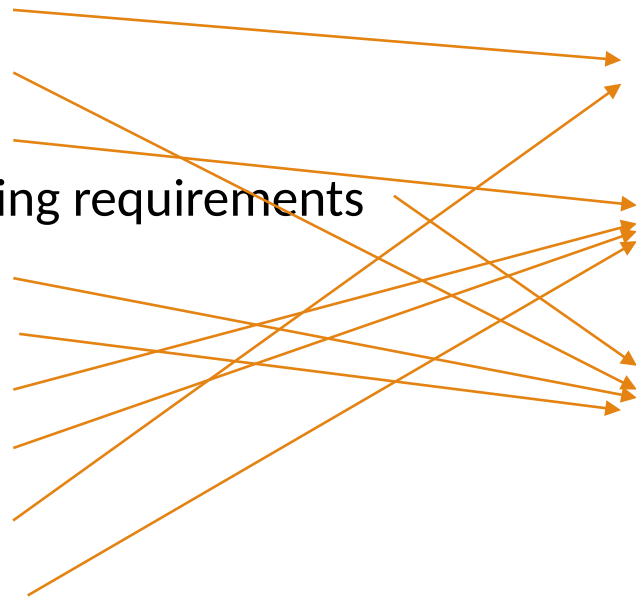
- **Item Information** = Technical Equipment Specification
- the equipment specification and quantities required
 - a detailed description of the equipment
 - the 'package of inputs' needed to keep the equipment going through its lifetime
 - the quantities required
 - technical and environmental data
- **Order Information** (details on the purchase **process**)
- Instructions to bidders
 - evaluation and award criteria
 - warranty requirements
 - delivery requirements and conditions
 - payment arrangements and conditions
 - standards and quality requirements.



Item Information

the **Item Information** in the purchase document includes the specification (requirements) with respect to:

- equipment quality
- documentation
- aftersales support
- installation/commissioning requirements
- maintenance
- training provision
- delivery requirements
- consumable products
- quality control
- warranty requirements



Detailed Description of the equipment

Package of inputs

Various

See: Generic Equipment Specification

Order Information: Instructions for Bidders

the Order info should cover everything else that a potential supplier needs to know when preparing and submitting a bid. The section: Instructions for bidders:

- project description (**context**)
- how the cost of the offer should be presented, and in what **currency**
- how the relevant **forms** must be completed
- details of the **closing date** and procedures for submitting offers
- **bid/quote opening** details
- **regulations** covering the tender/quotation, such as eligibility requirements (evidence of arrival on time, all parts completed and signed, samples enclosed, etc.)
- **other documents** required, such as bid forms, bid and performance securities, brochures, manufacturer's specifications and certificates
- any **special clauses**, such as procedures for:
 - requests for modifications and clarifications to the offer
 - bid withdrawals
 - bid amendments and variations in quantity.
- **monitoring criteria** for goods and services (usually delivery and quality of performance).

Order Information: Evaluation and Award Criteria

This section covers the criteria and procedures for bid evaluation, award, and notification. Here you specify:

- **general compliance criteria** (for example, the offer conforms to all terms and conditions, the bidder is qualified to supply, the bidder has a local representative in your country able to provide aftersales service support)
- the **product selection criteria**
- the **importance of the technical specifications**, and the fact that financial criteria will only be considered after the technical criteria have been met
- any **scoring system** and weighting system, if used for adjudication
- the **supplier qualification** criteria
- criteria for **disqualification**
- any **legal reasons** why offers may be rejected

Warranty requirements

Includes your preferred/required warranty period and start date.

Ideally, the warranty period on new equipment should not begin until installation and acceptance testing are complete. A common warranty period is 12 months.

Often, however, there is little choice. For instance:

- For European Union/European Development Fund purchased equipment, the warranty begins from the **time of receipt**.
- For World Bank purchased equipment, the warranty begins from the **time of shipment**.
- It is common for a health facility to lose several months of free parts and service from the manufacturer because new equipment is not immediately installed
- Some suppliers will agree to different conditions, such as the warranty lasting:
 - 15 months from shipment
 - 12 months from installation
 - 12 months from the date of handover, if the time elapsed is not 12 months from shipment.

Order Information: Delivery Conditions

These details describe the delivery terms that suppliers must conform to:

1. destination of the goods
2. delivery schedule and date
3. packing requirements
4. freighting method, terms and charges
5. carrier and clearing method
6. import regulations and requirements



Order Info: Payment Conditions

These details describe the payment terms that the suppliers must conform to:-

1. Specific requirements for payment
2. Validity period of quotes/bids
3. Validity period of contract prices
4. Details of payment schedules
5. Payment methods and terms
6. Details of bid security and performance security arrangements
7. Penalties for default

Payment conditions

Country Experience

Many international external support agencies use phased payments, for example:

- ◆ *For EU/EDF, 60 per cent of payment is made on shipment, 30 per cent on provisional acceptance, and 10 per cent after the warranty period.*
- ◆ *World Bank projects vary, with no standard payment schedule.*
- ◆ *For the African Development Bank, 40 per cent of payment is made on shipment, 40 per cent on receipt, 10 per cent after installation, and 10 per cent after the warranty period.*

One developing country uses the following payment schedule:

- ◆ *50 per cent of payment is made on despatch of goods, triggered by the supplier's proof of despatch (Bills of Lading showing shipment by a stipulated date)*
- ◆ *20 per cent is made on arrival, triggered by proof of arrival at the delivery site (the clearing agent's papers)*
- ◆ *25 per cent is made on acceptance at the health facility site, triggered by proof of acceptance by the Commissioning Team*
- ◆ *5 per cent is only paid if the goods arrived and the services were completed on time (as stated in the contract).*

An example of a payment schedule for an NGO is:

- ◆ *80 per cent of payment is made on shipment, and 20 per cent on final acceptance supported by the acceptance certificate.*

Order Info: payment conditions

- **Cash** is only used for small amounts of low value items that you purchase locally to your health facility out of 'petty cash' (usually used for payments in advance and on receipt).
- **Cheques** are normally used to pay local suppliers (usually used for payments in advance, on receipt, and phased payments).
- A **bank draft** is a bank guaranteed cheque and therefore works almost like cash.
- An '**authority to pay**' **letter** is issued by the buyer to his or her bank. Funds are then transferred to the supplier's bank once goods have been received, resulting in payment (usually used for payments on receipt, and phased payments).
- The most secure way to pay is to use a **Letter of Credit (LOC)**. This is an interbank document stating that money is available in the buyer's bank for the contracted supplier to claim once the job has been completed. To do this, the supplier must present evidence (within a given time period) that the goods have been supplied (shipping documents, etc.) and that all the terms and conditions stipulated in the contract have been met (the buyer's handover certificate, etc.). Then the bank can credit the supplier's account.

Order Info: payment conditions: bid security

In your purchase document, you need to specify any 'securities' required from the supplier. There are two common types:

A **bid security** (or 'bid bond') is a financial guarantee given by the potential supplier at the time a bid is **submitted**. It is normally only used for larger tenders. Its purpose is to provide the buyer with some protection against irresponsible bids and encourage suppliers to live up to their obligations. It may take the form of:

- cash
- a certified cheque
- a bank draft
- a state bond or other negotiable bank document
- a bank guarantee from a reputable bank.

This security (normally **one per cent** of the value of the offer) is forfeited if the successful bidder withdraws the offer or refuses to agree to contract requirements.

A **performance security** (or 'performance bond') is a deposit given by the supplier at the time the contract is **awarded**. It gives the buyer some protection against failure to deliver/perform and encourages the supplier to fulfil their contract obligations. However you may decide that phased payments provide enough security instead. Performance securities are mainly used for contracts for services that are not linked to the purchase of goods. For example, they might be used for a service contract after the warranty has expired, since all the goods will have been paid for by the time the service contract starts.

A performance security may take the form of:

- a bank guarantee from a reputable bank
- an irrevocable letter of credit.

Order Info: standards and quality requirements

In the order information, you need to provide details of how the supplier shows that they conform to the standards (specified in the 'item information'). You need to detail your requirements for:

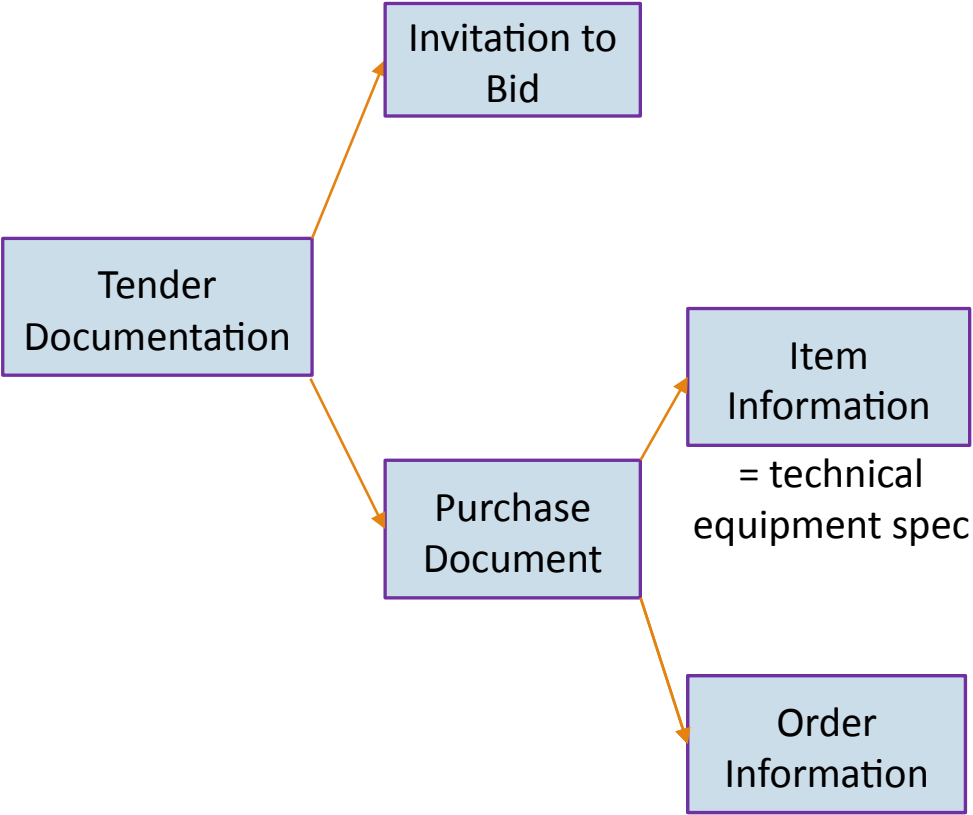
- **quality and safety standards or certificates for each product**, to be provided with the bid/quote
- **registration** with any national or health service provider authority that controls and oversees quality and compliance of imported healthcare technology (if applicable in your country),
- any other relevant **evidence of quality assurance**, to be submitted with the bid/quote and each shipment.

END

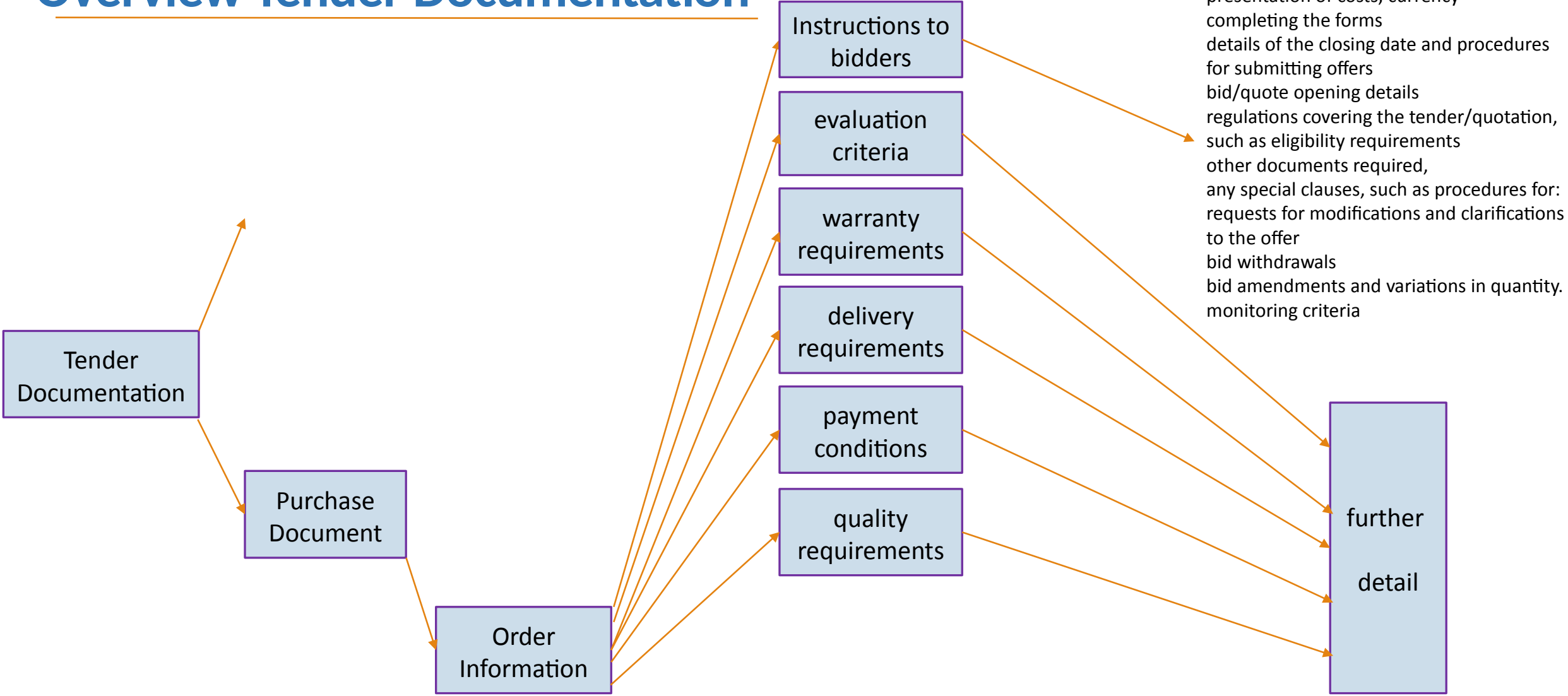
The creation of this presentation was supported by a grant from THET:
see <https://www.thet.org/>



Overview Tender Documentation



Overview Tender Documentation



Overview Tender Documentation



Tender Documentation

Invitation to Bid

Purchase Document

Item Information
= technical equipment spec

Order Information

Generic Equipment Spec

Technical Environment Data Sheet

Detailed Item description

Package of Inputs

Quantities

Various (Services)

what it is used for
what it should do
what features
preferences in case of alternatives
expected performance / output
accessories with technical details

accessories
consumables
spare parts
manuals
warranty
delivery specs
insurance

site preparation details
installation
commissioning
acceptance
training of users and maintainers
maintenance contract

electricity supply
water supply
environment
manufacturing quality
language required
technology level required

see next page