



RDTL—MINISTRY OF FINANCE  
Procurement Service

# **Best Practice Guides to Government Procurement INDEX**

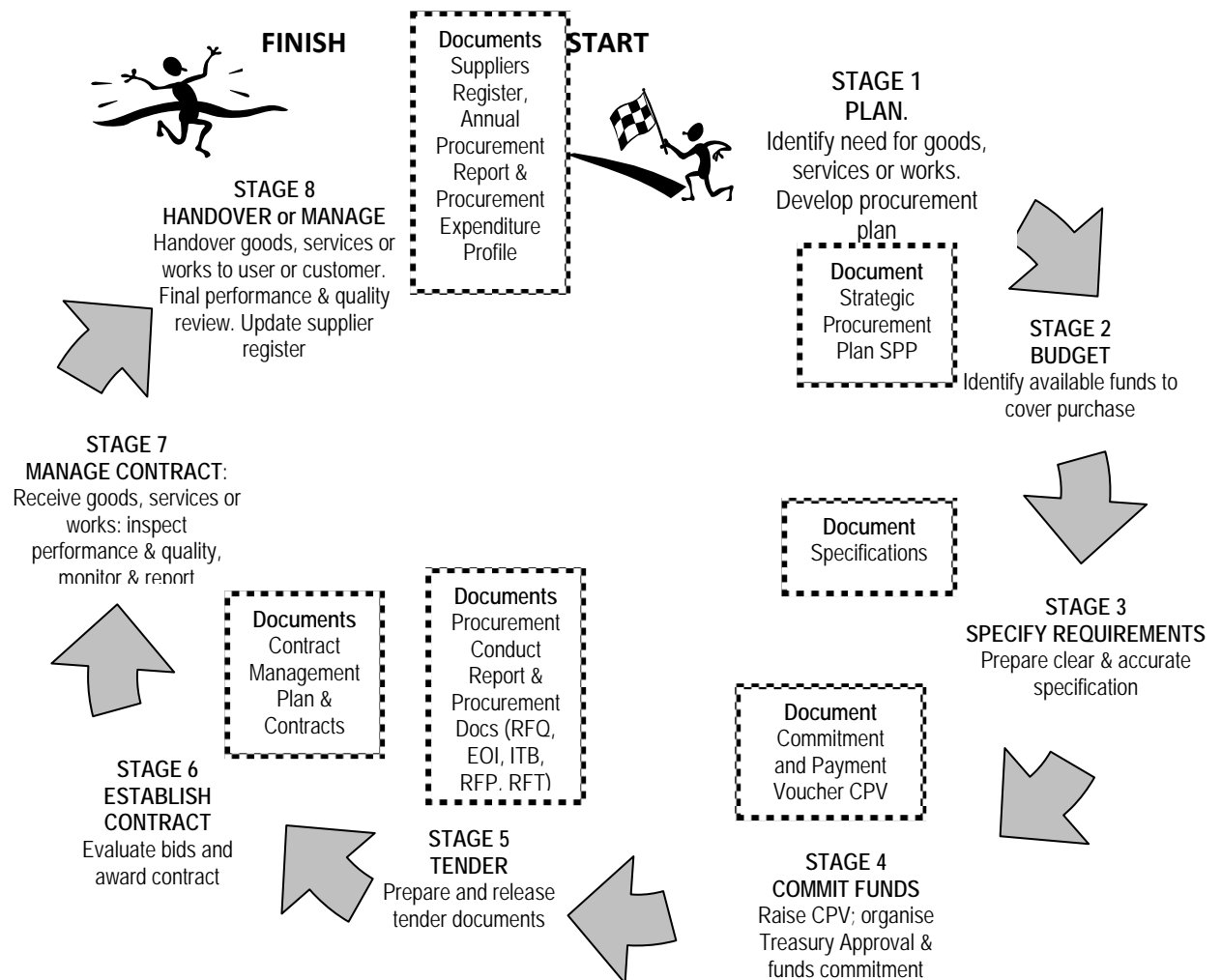
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## RDTL—Procurement Guidelines

The Procurement Legal Regime—Decree Law sets out new procurement processes which must be carried out by government procurement officers for purchases on behalf of the Government of Timor Leste. The revised processes and documentation system is explained in this series of Guides. There are now ten new Guides available, described in the following pages that broadly summarize the updated key procurement process set out within the new Decree Law. They are available on the Ministry of Finance website (<http://www.mof.gov.tl>) and from the Procurement Service of the Ministry of Finance to assist government officers in their work.

The processes explained in these Guides are part of the overall cycle of procurement outlined below in the diagram with key documents noted

Diagram: CYCLE of Procurement (Stages 1-8) with key documents



## **Guide Descriptions**

### ***1. Strategic Procurement Planning (SPP)***

**This Guide explains how to develop a profile or report on future planned expenditure and a Strategic Procurement Plan as part of procuring goods, services and works for the Government of Timor-Leste.**

Strategic planning provides a number of benefits including the opportunity to establish a structure or framework to ensure cost minimisation and certainty of delivery with minimal risk. Such considerations enhance the chances of success of a procurement project and how to develop a SPP is explained in this Guide. The Procurement Legal Regime—Decree Law states that Ministries must develop a report or profile accounting for their planned expenditures for each financial year and how to do this is also explained.

#### **Key Documents:**

- Strategic Procurement Plan: Checklist of Requirements (Annex A)
- Procurement Plan Expenditure Profile (Annex B)
- Procurement Report/Request for Approval (Annex C)

### ***2. Tender Specification Writing***

**This guide explains how to plan, prepare and write a tender specification when procuring goods, services and works for the Government of Timor-Leste.**

A specification is a document that clearly, accurately and completely describes in detail what the government needs to purchase. A clear, accurate and complete specification is the foundation of any purchase of goods, services (including consultancies) or building works. The specification should clearly outline the requirements for these items whether the purchase is for a small, simple item or a large, complex item. To ensure the best chance of getting what the government wants the specification needs to be very clear about what exactly it is that the government users require.

#### **Key Documents:**

- List of elements (mandatory and optional) for specifications

### ***3. Tender Processes and Tender Documents***

**This guide explains how to carry out the standard tender processes and provides copies of the standard documents to be used in these processes when procuring goods, services and works for the Government of Timor-Leste.**

The recent Procurement Legal Regime Decree Law sets out new tender processes which must be carried out by government procurement officers for purchases on behalf of the Government of Timor Leste. This guide broadly summarizes the key tender process and how to carry them out. This includes: Request for Quotes; Public Tendering, National Public Tenders; International Public Tender; Limited Tender by Pre-Qualification; Restricted Tenders; Procedure by Negotiation; Procurement by Sole Sourcing and Standing Offer Agreement.

#### **Key Documents:**

- Procurement Conduct Checklist (Annex A)
- Simple Request for Quotation (RFQ): Goods and Related services (Annex B)

- Simple Request for Quotation (RFQ): Works (Annex C)
- Simple Request for Quotation (RFQ): Consulting Services (Annex D)
- Invitation to Bid (ITB): Goods and Related Services (Annex E)
- Invitation to Bid (ITB): Medium Works (Annex F)
- Request for Proposals(RFP): Consulting Services (Sample only) (Annex G)
- Certificate of Exemption (Annex H)
- Letter to successful tenderer (Annex I)
- Letter to unsuccessful tenderer (Annex J)

#### ***4. Tender Bid Evaluation***

**This Guide explains how bids should be evaluated when procuring goods, services and works for the Government of Timor-Leste.**

This Guide explains how decisions on government procurement should be made on the basis of ‘value for money’ which requires a comparison of costs, benefits and alternative outcomes. An assessment of the best net overall outcome for government is to take account of all relevant ‘whole of life’ costs and benefits, that is the full cost of each good, service, or works over its expected useful life, not just at time of purchase. This Guide explains how to evaluate bids according to these principles.

#### ***5. Post-tender Negotiations***

**This guide explains how and when to conduct post-tender negotiations when procuring goods, services and works for the Government of Timor-Leste.**

The aim of post-tender negotiations is to obtain the best outcome and commercial arrangements for the government. Negotiations should not just be seen as a process of selecting the lowest-priced, compliant bid. Post-tender negotiations should be considered an important part of a purchasing strategy in government procurements of high value. This Guide explains how to carry out these negotiations with consideration for probity and transparency.

#### ***6. Contract Establishment***

**This Guide explains how to establish a public contract when procuring goods, services and works for the Government of Timor-Leste.**

Public contracts need to be drafted with a view to promoting the best value for Government. The guide explains the 22 key commercial principles of procurement contracts and provides standard form contracts available for use.

**Key Documents:**

- Standard Form Contract(s)

#### ***7. Contract Management***

**This Guide explains how to manage contracts when procuring goods, services and works for the Government of Timor-Leste.**

Contract management covers all activities that follow the establishment of a contract and include management throughout the contract term. The Guide includes information on developing a contract management plan and identifying matters such as key

responsibilities, deliverables, quality and performance measures and targets and dispute resolution arrangements. An appointed contract manager should ensure that a contractor fulfils contract obligations and liabilities. The manager is also responsible for ensuring contractors are treated fairly and honestly.

**Key Documents:**

- Contract Management Plan (Annex A)
- Request for Approval: Variation to Existing Procurement or Contract (Annex D)

### ***8. Annual Procurement Report***

**This Guide explains how a Ministry's Annual Procurement Report is to be prepared in relation to its procurement activities for each financial year for the Government of Timor-Leste.**

The Procurement Legal Regime— Decree Law requires government procurement information and data to be gathered, analysed and reported on annually by each Ministry and government agency, to the Procurement Service, Ministry of Finance. Reporting requirements vary depending on the level of procurement accreditation held by the Ministry or agency and the nature of procurement activity.

**Key Documents:**

- INTERIM Annual Procurement Report (Annex A)
- Annual Procurement Report (Annex B)
- Annual Certificate of Compliance (Annex C)

### ***9. Suppliers Registry***

**This Guide explains how the Government of Timor Leste Suppliers Registry to be maintained.**

The Procurement Legal Regime states that the Procurement Service of the Ministry of Finance will maintain a central Suppliers Registry. This lists current supplier details and the procurement contracts (current and past) they are associated with. The details to be maintained on that Register are set out in this Guide.

### ***10. Decentralisation & Accreditation***

**This Guide explains how Secretaries of State or other authorised officers in Ministries and agencies should apply for accreditation with the Procurement Service, Ministry of Finance.**

The Procurement Legal Regime outlines a process of decentralisation and accreditation of procurement processes in which Government Ministries are now authorised to assume responsibility for their own purchases. Accreditation is the process of enabling or authorising a government Ministry or other appropriate agency with the competence to carry out procurement procedures to fulfil their own needs. This Guide how to complete an official accreditation process including the creation of an Accreditation Management Plan.

**Key Documents:**

- Accreditation Management Plan Framework

## ***Glossary of procurement terms***

**Accreditation:** for procurement purposes this is the process of authorising a government Ministry or agency with the competence to carry out procurement procedures up to predetermined levels to fulfill their own needs

**Adjudicator (entity):** for procurement purposes this means the government officer or agency that opens a tender issued for the procurement of goods, services or works

**Adjudicatory (awardee):** The vendor, supplier or provider who successfully receives the adjudication or award of a public contract.

**Agency:** any government ministry, public service institution or public agency that has the authority to initiate and manage procurement and public contracts.

**Announcement:** is the act of announcing, usually by repeated publishing in the media, the commencement of a tender process and by which interested parties are invited to participate in the provision of goods, services or works;

**Annual Procurement Report:** a report containing procurement data submitted annually to the Ministry of Finance

**Beneficiary (entity):** any government ministry or agency that receives procured goods and services.

**Best practice:** the agreed most effective or efficient method or process

**Bid:** the proposal or offer submitted by the bidder in a procurement process

**Bidders:** all individuals and businesses who express an interest usually in the form of a bid, in a procurement process

**Business case analysis:** for major procurements, an analysis of the cost and benefits of procuring a good or service should generally be undertaken. On the basis of this, a decision can then be made as to whether going to the market will deliver value for money.

**Central Supply & Property** [*Central de Fornecimentos do Patrominia*]: the Government Service in charge of centrally acquiring and supplying goods to meet current Government needs and maintaining the current stock of goods [and property]

**Commitment and Payment Voucher (CPV):** document that formally approves funds for a procurement process in Stage 4 of the procurement cycle

**Contract:** a formal legal agreement between two parties

**Contractor:** the successful tenderer or supplier who has agreed to or signed a public contract

**Decentralization:** for procurement purposes this means the process of devolving central procurement authority from the Ministry of Finance to other Government or Public Service agencies to fulfill their own supply needs (see accreditation)

**Expression of Interest (EOI):** communication from the Government inviting suppliers to express interest in a prospective supply requirement

**Guarantee of execution:** an agreed amount of money or its equivalent required to be given to the contract adjudicatory, as a protection by the adjudicator against the risk of the cancellation of the public contract.

**Invitation:** a private communication from government circulated directly to certain pre-qualified suppliers within a limited or restricted process or a negotiated procedure, inviting them to present bids for a specific tender

**Invitation to Bid (ITB):** as above

**Issuer or Guarantor:** any person who offers themselves to guarantee the bidder's obligation to provide or pay one of the tender guarantees (see below)

**Goods:** items or material resources to be provided by a supplier or business in a procurement process

**Negotiations (post-tender):** dialogue between the government procurement officer(s) and the short-listed bidders, tenderers, or suppliers with the aim of arriving at agreement on the supply of goods services or works and the awarding of a public contract

**Probity:** following correct process, ethical, with integrity

**Procurement:** is the acquisition of goods, services or works, in this guide referring specifically to acquiring them for the Government using Government monies;

**Procurement procedure/process:** each of the variant methods used for contracting goods, services, construction or consultancy.

**Procurement of Supply:** is the purchase, leasing (including rental of premises), financial leasing (with or without a purchase option), accessory contracting, and/or related installation and/or maintenance work;

**Public Service:** staff, officers and offices of the Government

**Request for Quotation (RFQ):** communication inviting supplier to provide a quote for a prospective supply requirement in a procurement process

**Request for Proposal (RFP):** communication inviting supplier to express interest or proposal in a prospective supply requirement in a procurement process

**Request for Tender (RFT):** communication inviting supplier to express interest or bid to a specific tender in a procurement process

**Registration of Interest (ROI)** formal response by supplier to communication inviting them to register their interest in a prospective supply requirement in a procurement process

**Services:** for procurement purposes this refers to actions, labor, work, expertise or consultancy provided by a supplier or contractor

**Service Delivery:** provision of services (as above)

**Short-list:** the selected list of the best bids or tenderers received in a tender process

**Standard Form Contracts:** standard public quote, tender and contract documents established by the Procurement Service

**Supplier:** all individuals or businesses who express an interest in supplying goods, services or works

**Suppliers Registry:** the government registry of all organisations and businesses who have expressed an interest in or who have supplied goods, services or works in a procurement process

**Tender:** a public process of purchase of goods, services or works usually by government

**Tender guarantees:** an agreed amount of money or equivalent required to be paid by the bidder, as protection for government against risk of an eventual withdrawal or modification of bid(s) presented

**Tender procedure/process:** All the procedures surrounding the awarding of a public contract in a procurement process, essentially an impartial process conducted by government

**Tender specification:** a document that clearly and accurately describes in detail what the government needs to purchase

**Tenderer(s):** all individuals or businesses who respond to a tender by expressing an interest, usually in the form of a bid, in a procurement process

**Transition:** the period when a contract changes either at the beginning (transition-in) or at the end (transition-out) when specific issues need to be addressed, such as a new suppliers' induction or obtaining public information from a supplier at the closure of a contract.

**Value:** the true worth of an item or purchase based, not just the price, but the whole of life costs and benefits

**'Whole of life' costs:** the full cost of a purchase over the expected useful life of goods, service or works, not just initial price

**Works (Construction):** actions intended to construct, repair, maintain or build entirely new facilities provided by a supplier or business in a procurement process. This may also include civil engineering or similar services, project management and the supply of material resources required to conduct these activities.