



RDTL—MINISTRY OF FINANCE
Procurement Service

BEST PRACTICE GUIDE 2: TENDER SPECIFICATION WRITING

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 that broadly summarize the updated key procurement process set out within the new Decree Law. They are available on the Ministry of Finance website (www.mof.gov.tl) and from the Procurement Service of the Ministry of Finance to assist government officers in their work.

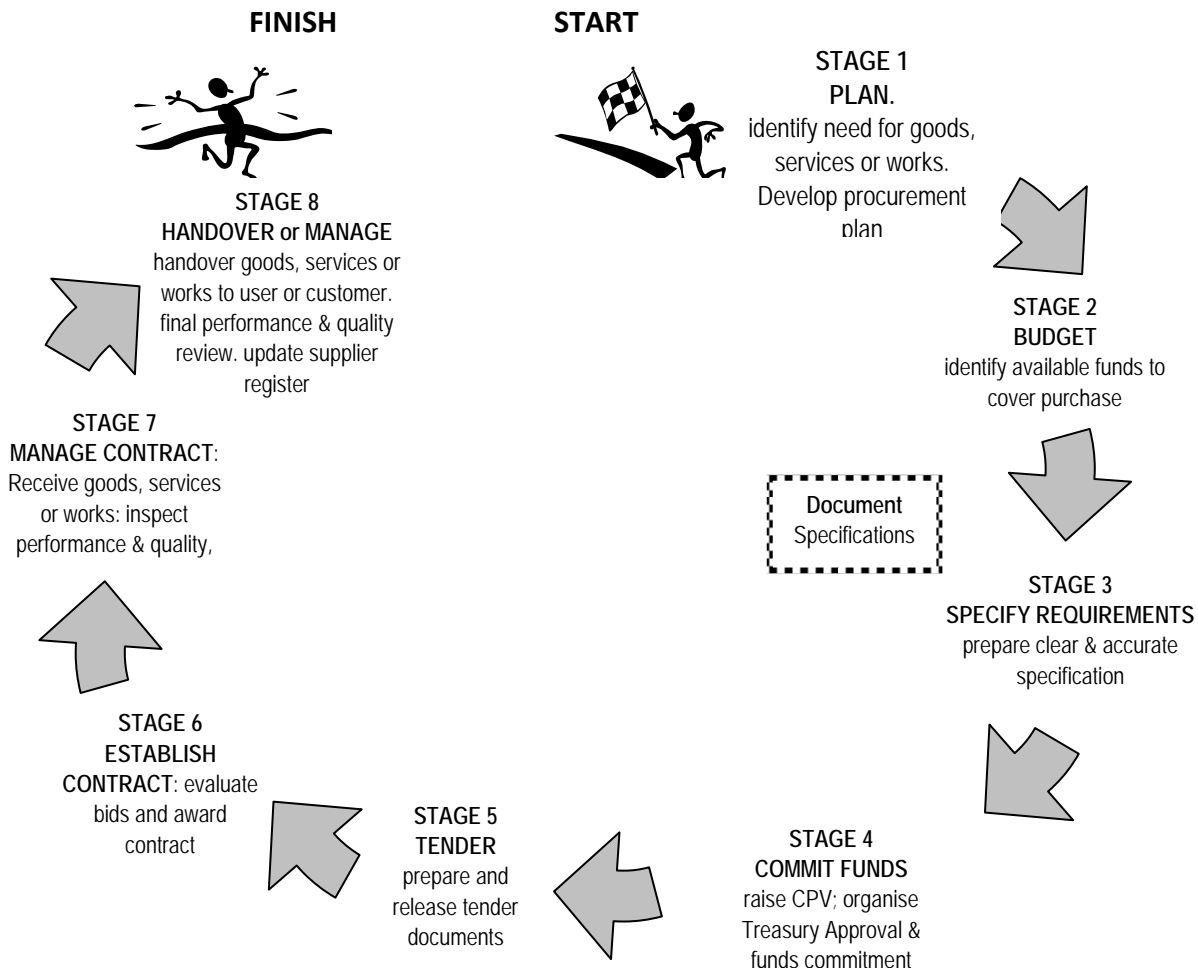
What is this Guide?

This **Best Practice Guide** is for Government Procurement Managers and senior officers.

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

Specification writing is part of **STAGE 3** in the Cycle of Procurement detailed below.

Diagram: CYCLE of Procurement



IMPORTANT: Guide is mandatory for goods, services and works over \$100,000

The process described in this guide are **mandatory** for goods, services and works valued **over \$100,000** but can also to be used a guide for goods, services and works valued under \$100, 000.

What is a tender specification?

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.

What is the purpose of a tender specification?

- **DEFINE REQUIREMENTS:** The process of finding out and writing down what government users want makes us think clearly about what is exactly required. We need to ask users why the item is required and what the users require it to do.
- **GUIDE THE SUPPLIER:** The specification provides guidance to potential suppliers, so they can supply us with what we want.
- **AGREEMENT WITH SUPPLIER:** The specifications become the basis for the contract with the supplier. It means we can have clear agreement about what it is that is required by government and therefore what is supplied. The clearer the specifications, the easier it is to manage the contract. If specifications are unclear it can create inefficiency, confusion, disagreement and conflict.
- **FUTURE EVALUTION:** Clear and complete specifications enable us to evaluate whether we have received what we wanted and whether the supplier gave us exactly what we asked for. For instance, if we received goods were they what we asked for or did they do what we wanted them to? If we received a service, did the supplier perform what we wanted them to? If we received works, did the contractor satisfactorily complete what we wanted?

When are specifications written? Where do they fit in the procurement cycle?

- After a need for goods, services or works has been established and planned (STAGE 1) and funds have been identified to pay for them (STAGE 2) then the specifications must be developed (STAGE 3).
- All specifications should be based on the need(s) identified in the Strategic Procurement Plan (see *Best Practice Guide 1: Strategic Procurement Planning*).
- No action is to be taken until the specifications are clear.

Expression of Interest Process

In complex purchases, it is possible to write the specifications in two steps:

- 📄 **Step 1:** Develop broad and general specifications only. Use these to carry out a Expression of Interest (EOI) and Registration of Interest (ROI) process.
- 📄 **Step 2:** Utilise the responses to develop more specific and detailed specifications.

(For more information on this **two-step procurement** see *Best Practice Guide 3: Tender Processes and Tender Documents* p. 7)

What makes a good specification?

A good specification is:

- **Clear and easy** to understand.
- **Specific.** It is detailed and describes precisely what is required. There can be no confusion. If the specifications include too much information and are too demanding, it becomes too difficult to get what we need. If the specifications do not carry enough information, and are not specific enough, then it becomes too easy to get something that we do not want.
- **Accurate.** A specification should say or specify exactly what the requirements are, not more or less. Where possible, specifications should be written in terms of what the goods, service, work is meant to achieve (the **outputs** or functions to be fulfilled,) rather than listing specific technical requirements. It is important to do your research to ensure that the most up to date information is used.
- **Complete.** All aspects are fully covered. This saves time as it reduces the number of questions and phone calls from bidders later on.
- **Essential requirements:** It includes those things that are **essential** to what is required, and critical to the performance. When evaluating the bids, bidders should **NOT** be considered if they have failed to meet a requirement identified in the specification as **essential**.
- **Desirable requirements:** It includes those things that are **desirable**; the things we would like, but which are **NOT** critical to performance.
- Includes **evaluation criteria** so that we can judge if our requirements have been met. These evaluations provide a score, indicating how important each of the items is to us. A higher score is given to items that are essential. A lower score is given to items that are desirable, but not essential (more information below).
- **Function.** The specifications should emphasise what the product is meant **to do** rather than emphasis the **technical requirements**. This maintains the focus on purchasing a product to meet our needs and purpose. **A brand name should not be used** in a specification. If it has to be, it should be followed by the words, “*or equivalent*”
- **Consistency.** Specifications for similar requirements should be much the same. For example: If you regularly purchase computers, the specifications should be very similar unless we want to use them for different functions.

What is not included in a specification?

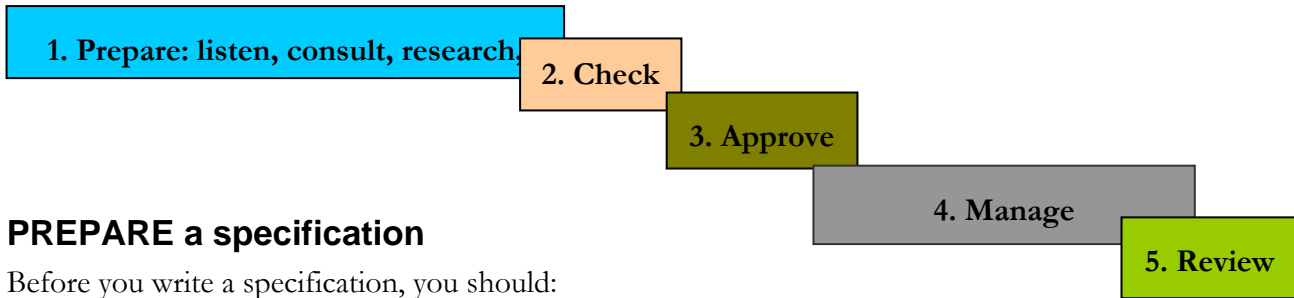
A specification does not include:

- conditions of tender;
- conditions of contract;
- proformas; or
- questionnaires used by bidders to submit offers.

Evaluation Criteria

Tender specifications are usually accompanied by information about which requirements listed in the specification are the most important and how tender bids will be evaluated according to these requirements. The evaluation criteria are not a part of the specifications but must be part of the information package sent to all bidders to give them all the same opportunity to respond to government priorities (See further information below and *Procurement Best Practice Guide 4: Bid Evaluation* pg. 4/5).

5 Stages of a Tender Specification



PREPARE a specification

Before you write a specification, you should:

- ✔ **TALK** and **LISTEN** to the people who will be using the product or service and find out exactly what it is they need. Some of the questions you might ask include: What do they need it for? What purpose do they want it to serve? Who will be using it? When do they need it? How long do they need it for? Customer requirements are the central to the specification.
- ✔ **RESEARCH** the market (by making general enquiries of suppliers or purchasers, or by placing formal advertisements for Registrations of Interest) to determine currently available solutions to requirements, likely costings and time scales.
- ✔ **IDENTIFY RISK.** Are there any risks in the specifications such as over-ordering and wasting goods or too few suppliers who could fulfil the requirements. Then assess outcomes and how large that risk is. Is there anything that can be included in the specification to limit that risk? Or is it better to do nothing and not seek supply of the goods and services rather than take the risk?
- ✔ **DETERMINE SCOPE** of the tender. This includes the extent and limitations of the requirements including:
 - What exactly the contractor is expected to do, such as
 - Supply the product only?
 - Deliver the product?
 - Install and commission?
 - Remove packaging and clean up after install?
 - Provide training and training manuals?
 - Warranty, maintain and repair?
 - Anything the contractor is NOT expected to do which might otherwise be expected. For instance when building a school, a contractor might be expected to paint the walls because that is what has happened with other contracts. If painting is not required that must be written in the specifications.
 - The expected starting date, duration and completion date of the contract.

- ☑ **CHECK** back with users and customers when you have completed the specifications to make sure they are correct
- ☑ **SET EVALUATION CRITERIA AND IMPORTANCE:** Tender specifications must be accompanied by information about which requirements are the most important and how tender bids will be evaluated according to these requirements. Evaluation criteria includes technical, commercial, local industry development and financial as in the example table below.

Example: Evaluation Criteria Table

EVALUATION CRITERIA	HOW IMPORTANT SCORE
1. TECHNICAL/PROFESSIONAL COMPETENCE	
1.1 Compliance to Tender Specifications	5
1.2 Customer Service	5
1.3 Capability	4
1.4 Past Performance	4
1.5 Strategic	4
2. COMMERCIAL	
2.1 Financial viability-- Satisfies key financial ratios for industry	3
2.2 Risk and Insurance	3
2.3 Compliance to Conditions of Contract	3
2.4 Conflict of Interest	3
3. LOCAL DEVELOPMENT	
3.1 Enhancement of industry and business capability in Timor Leste	5
3.2 Regional and district development opportunities	5

Then the importance of each criteria must be scored (using scores 1 to 5) indicating how important each of the items is. A higher score is given to items that are essential. A lower score is given to items that are desirable, but not essential (see scores above). For instance Customer Service might be assigned a value of 3 points but local development a higher value of 4 or 5 depending on government priorities. This information should be made in table format for ease of understanding and this will become important later when comparing bids and selecting the best one (this is further explained in *Best Practice Guide 4: Evaluation of Tenders* pg. 4/5)

The evaluation criteria are not a part of the specifications but must be part of the information package sent to all bidders which gives them all the same opportunity to respond to government priorities.

Consulting on specifications

It is important to have close and continuous communication between the writer and users or customers and experts.



User or customer



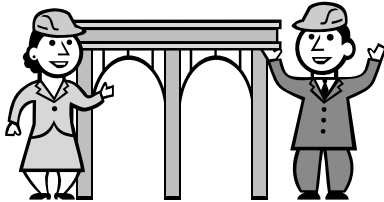
The specification writer



Specialists or experts

Consulting with experts

In some cases it is necessary to consult with an expert to help with the development of the specifications. When using experts, you are using their technical expertise. Do not allow them to make management decisions.



In the case of building a bridge, it would be necessary to consult an expert. You might need engineering advice on the design to ensure the bridge is safe, or on the materials to use.

Before using an expert make sure that they:

- declare any actual or potential conflict of interest; and
- are fully aware of all relevant procurement policies of the Government of Timor Leste.

Consulting with other users and purchasers



Government officers can save a lot of time and money by collaborating with other purchasers of the same or similar requirements.

Benefits of consultation include:

- ✔ learning from other specifications by consulting with procurement colleagues. This avoids duplication of effort in drafting specifications. For instance there are common goods that every government department uses: cars, IT, furniture.
- ✔ using the work of others but continually improve and develop specifications to produce clearer and stronger documents. When you are using the specifications of another Ministry, do not just accept that they are the best, review and modify to suit your own situation.
- ✔ standardise requirements where appropriate. For instance it is useful if all Ministries use the same paper for photocopies, as much as possible.
- ✔ opportunities for strategic (or group or collaborative) procurement (especially during cooperative or concurrent tendering). If several Ministries require the same good or service it may be possible to share the costs or negotiate better prices if the requirements of many Ministries are purchased as a single lot.

- ✘ a reduction in the time and costs for bidders, resulting in a reduction of the cost of the goods, services or works (some bidders spend 20-40% of their paid time on tender proposals and the cost is passed on to the purchaser).

Writing and formatting a specification

Specifications will vary in length and complexity, depending on what is being purchased. Here is a guide to the preparation of a simple specification. Please see the end of this guide for an example of a simple specification for services.

Further guidance on complex specifications is available from the Ministry of Finance.

Mandatory topics

All specifications should include the following 5 topics:

- 1) Title and identifying code
- 2) Scope
- 3) Statement of Requirements (SoR)
- 4) Quality Assurance Requirements
- 5) Implementation timetable.

Optional topics

When you are preparing a specification, you should exercise careful judgement and common sense when considering which of the optional topics to include. For example, a specification for a relatively inexpensive, off-the shelf item will require fewer topics than a specification for the provision of specialist services on a long-term basis.

Numbering topics

Each topic must have a number and title.

For example:

1. Introduction
2. Scope

Elements of Specification

To ensure standardisation across government departments and so that the specification addresses all necessary areas, officers should prepare specifications using have the following structure.

See **ANNEX A: Example of a simple specification for services at the end of this Guide.**

1. Title page (MANDATORY)

The Title Page is must clearly indicate the title of the specification, and the unique identification of the specification

2. Table of contents (optional)

If a specification is lengthy the inclusion of a table of contents or index is recommended.

3. Introduction (optional)

The introduction should briefly explain the requirements and the context, the application, purpose or function of the items required.

4. Scope (MANDATORY)

The scope is the extent and limitations of the requirements specified.

The scope covers:

- a statement outlining what goods, services or works the contractor is to supply (including install, commission, training or documentation if required);
- anticipated demand for the period of the contract;
- anything the contractor is not required to do or provide which might otherwise be considered normal (such as equipment or software which will be available to or must be used by the contractor)
- the time period of the contract.

A fuller description of each element summarised in the Scope should be included later in the Statement of Requirements section.

5. Background (optional)

In more complex specifications a separate section on background to the specification might be required.

6. Service conditions and environment factors (optional)

In more complex specifications a separate section on Service conditions and environment might be required

7. Statement of Requirements (SoR) (MANDATORY) for services, goods or works

The Statement of Requirements contains:

- a description of the outputs (for services), or functionality and performance requirements (for goods) and;
- details of the performance measures, standards and benchmarks that will be monitored during the period of the contract.

These measures need to be further negotiated and finalised with the successful bidder, because they become contractual commitments.

SoR can vary significantly in scale and complexity, from a small, once-only consultancy, to a complex set of requirements to cover major outputs for a whole Ministry. These guidelines can be applied to any purchase, regardless of size.

Although there are similarities in the format and description of requirements, this Guide contains separate sections below which outline what you should include in the SoR for goods, and the SoR for services. A combination of these should be used for construction works (on the assumption that the construction involves both).

Statement of Requirements—Services

- Outputs
- Performance measures
- Targets
- Management and administration of the contract (including who, how, delegations, reporting requirements and relationships, specific task responsibilities etc).

- Sale of assets and transfer of personnel
- The hand-over process
- Transition process to a replacement service provider

Statement of Requirements—Goods

- Design and performance criteria
- Acceptance testing
- Trade Ins
- Technology, systems and management techniques (optional)
- Whole of life support (optional)

8. Quality Requirements (MANADATORY)

Quality Requirements should detail appropriate quality assurance (QA) checks to be undertaken by the contractor. This will significantly reduce the contract manager's need to test or inspect goods or services provided, which will save time and money.

You are more likely to get goods and services provided at an appropriate standard if the quality requirements:

- are stated clearly;
- cite recognised product standards; and
- nominate the appropriate quality assurance level.

The Ministry must undertake to:

- assess conformity of the product to the specification; and
- assess the supplier's compliance to the quality assurance levels.

QA levels and standards alone will not ensure the quality requirements. In some circumstances you may need to set additional testing procedures.

9. Security (optional)

In more complex specifications requiring security a separate section on security will be required.

10. Training (optional)

In more complex specifications requiring training of staff a separate section on training will be required.

11. Documentation (optional)

In more complex specifications further documentation can be added.

12. Implementation Timetable (MANADATORY)

The Implementation Timetable details the proposed schedule, including commencement date, milestones, completion of deliverables, and a completion date.

The schedule should refer to specific dates (for example, "work must commence in the week beginning June 8, 2009), or an elapsed period of time (for example, "Stage 1 must be completed within ten working days of the commencement date")

13. Glossary (optional)

In more complex specification a definition of terms used such as the one in this guide may be useful.

14. Attachments (optional)

If required.

See *ANNEX A: Example of a simple specification for services* at the end of this Guide.

2. CHECK a Specification

It is useful to have the specification checked by someone other than the author, even someone who is not an expert in the area.

The person checking the specification should make sure it is:

- is easy to read;
- is easy to understand;
- is clear;
- is consistent with other similar specifications;
- has a logical structure; and
- contains only essential information.

3. APPROVE a Specification

After having been checked, the specification should be approved by the Procurement Unit of the relevant Ministry.

By giving approval, the appropriate authority:

- certifies that the product (good, service, works) is needed by the organisation, and is included in the budget.
- indicates that the specification accurately defines what is needed.
- states that the specification is free from bias (and does not favour a particular company, or person) such as by using a brand name.
- confirms that the authority accepts responsibility for the cost of the specified goods or services.

4. MANAGE a Specification

It is recommended that each Ministry:

- which allocates a file and **unique number or code** to each specification (such as a Ministerial file number);
- record on the specification file the **month and year of the first draft**; and
- record on the specification file an **issue number or the date of the last revision**.
- keep a **central filing system or library** of these specification files to:

- ☑ create a set of past specifications that can be reviewed and assist when similar new ones are being written;
- ☑ develop a set of **good quality standard specifications** sometimes called ‘benchmarks’ that can be referred to and used again; and
- ☑ increase the opportunities for group, mass or **collaborative tendering** within government to cut down costs;
- ☑ help in the collection of information that can be used to **identify and understand changes in purchasing** patterns which can then be used for future planning.

5. REVIEW a specification

When a contract is about to be renewed, or after delivery of the goods or services, the specification should be reviewed by the purchasing manager. This review should check whether the specification:

- accurately defined what needed to be achieved or completed and;
- accurately defined what the user or customer needed.


This review should be completed because:

- the information will be valuable when preparing specifications for similar purchases in the future;
- it should form the basis of reviewing the contract before renewing it; and
- it will help to identify any changes in what is required since the first specification was written.

If changes are made, the issue number or revision status of the specification must be updated.

ANNEX A:

Example of a simple specification for services (not real case):



Ministry of Foreign Affairs

TENDER SPECIFICATION
CATERING SERVICES FOR THE
VETERAN WOMEN'S
DIPLOMATIC CORP (VWDC)

File No: 08/HAN BOT-073

DRAFT 1: 30 July 2008
Sra. Maria Bot, Head Procurement Officer
Department of Malai Relations

The **TITLE PAGE** is **MANDATORY** must clearly indicate the title of the specification, and the unique identification of the specification. Date and authorship are also useful items.

The **INTRODUCTION** is **OPTIONAL** and should briefly explain the requirements and the context such as the application, purpose or function of the items required.

The **SCOPE** is **MANDATORY** and is a **SUMMARY** of the requirements specified.

The scope covers:

- a statement outlining what goods, services or works the contractor is to supply;
- anticipated demand for the period of the contract;
- anything the contractor is not required to do or provide which might otherwise be considered normal
- the time period of the contract.

A fuller description of each element summarised in the Scope should be included later in the Statement of Requirements section.

1. Introduction

The VWDC is an organisation within the Ministry of Foreign Affairs that provides and trains diplomatic staff for national and international posts. It includes up to 50 staff and 25 trainees.

The WDC is located in Dili but staff and trainees are expected to work around the clock according to international deadlines and the schedules of visiting dignitaries at times and locations where adequate food may be difficult to access.

To ensure the optimal service by staff and trainees in this work of national importance the government has assumed responsibility for supplying food and drink for staff, trainees and, on occasion, visiting dignitaries.

2 08/HAN BOT-0273 30/07/08 JP

2. Scope

- 1. The contractor will supply three fresh meals a day.**
- 2. Cutlery, crockery and other serving instruments will be supplied, along with condiments.**
- 3. Following the RFP process, a contract will be let for one year, with 3 one year options, at the discretion of the Ministry, and dependent upon satisfactory performance.**

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3. Statement of Requirements

The goods and services required are the following:

Outputs

1. The provision of breakfast, lunch and dinner to approximately 50 staff every day
2. Special occasion meals will be required on an ad hoc basis. Notice will be provided about these events.
3. Daily meals are to be individually packaged for delivery to the DC premises. Knives and forks and condiments are to be provided as required.
4. A bottle of water is to be provided with each meal, together with a piece of fresh fruit at lunch and dinner.

Performance measures

5. A variety of simple meals are required for each day of the week
6. All meals are to include fresh vegetables and/or salads
7. The meals are to be comprised of fresh, good quality, locally sourced ingredients
8. National dishes of Timor-Leste are preferred.
9. Special and State occasion meals of national dishes will be of an impressive quality

Targets

10. Meals are to be delivered hot or cold as appropriate
11. The meals are to be provided between 6-8am for breakfast; 12-2pm for lunch; 6-7.30 for dinner.
12. The value of each of the meals is .50c for breakfast; 1.50 for lunch; and 2.00 for dinner.
13. The supplier will need to be able to cater for fluctuating demand for meals.

Management of the contract

14. The contractor will be instructed by way of a monthly meeting to receive quantity estimates for the upcoming month and settle accounts for previous month.
15. Quarterly performance assessment by the contract manager for the VWDC

STATEMENT OF REQUIREMENTS is MANDATORY and contains:

- a description of the outputs (for services), or functionality and performance requirements (for goods) and;
- details of the performance measures and set standards that will be monitored during the period of the contract.

These measures need to be further negotiated and finalised with the successful bidder, because they become contractual commitments.

4. Quality Requirements

1. The supplier's premises are to have a high standard of cleanliness, and will be subject to periodic inspection by Health Dept staff.
2. Only fresh, local foods are to be used.
3. Variation of menus
4. Meals must be delivered at required mealtimes.
5. Regular staff satisfaction surveys will be completed and become part of quarterly performance reviews.

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QUALITY REQUIREMENTS are **MANADATORY** and should detail appropriate quality checks to be undertaken by the contractor. This will significantly reduce the contract manager's need to test or inspect goods or services provided, which will save time and money.

You are more likely to get goods and services provided at an appropriate standard if the quality requirements:

- are stated clearly;
- cite recognised product standards; and
- nominate the appropriate quality levels.

The Ministry must undertake to:

- assess conformity of the product to the specification; and
- assess the supplier's compliance to the quality levels.

Quality levels and standards alone will not ensure the quality requirements. In some circumstances you may need to set additional testing procedures.

5. Implementation Timetable

1. The catering is to begin on 1 October, 2008.
2. A customer satisfaction survey will be completed on 1 December, 2008 and quarterly thereafter.
3. Negotiations for renewal of the contract, or not, will be completed by 1 September 2009

6 08/HAN BOT-0273 30/07/08 JP

The IMPLEMENTATION TIMETABLE is **MANADATORY** and should detail the proposed schedule, including commencement date, milestones, completion of deliverables, and a completion date.