Sustainable Public Procurement Workshop
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Session

Bid Documents and Evaluation Criteria
Sustainable Public Procurement

... the process whereby organizations meet their needs for goods, services, works and utilities in a way that achieves “value for money on a whole life basis” in terms of generating benefits not only to the organization, but also to society and the economy, whilst minimizing, and if possible avoiding, damage to the environment.
Sustainable Public Procurement

Sustainable procurement links ecological, economic and social aspects in the criteria, according to which public contracts are awarded.

Particular consideration is given
- to the economic aspect when awarding contracts. The application of sustainable procurement methods means that other aspects are promoted at different levels:
  - Contribution to global sustainability
  - Environmental protection, health and safety at work
  - Long-term financial savings with regard to the whole life cycle
  - Social aims in the local environment
  - Increase in local innovation
Sustainable Public Procurement

Fig. 3: Pillars of sustainability

3 pillars of sustainability...

<table>
<thead>
<tr>
<th>Economic</th>
<th>Ecological</th>
<th>Social aspects</th>
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<tbody>
<tr>
<td>Focus on monetary aspects when awarding a contract (e.g. price as an award criterion)</td>
<td>Focus on the environmental soundness of the goods and systems to be procured (e.g. emission levels)</td>
<td>Focus on social aspects of bidders, production and implementation (e.g. compliance with ILO core labour standards)</td>
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KFW = Toolbox: Sustainable Procurement
Sustainable procurement considers:

- **Environmental impacts**
  - E.g. inputs of natural resources, energy and water in the manufacture, use and disposal of goods

- **Social impacts**
  - E.g. labour conditions in the manufacture, use and disposal of goods or delivery of services

- **Economic impacts**
  - E.g. costs of operation and maintenance over the life of the goods

Australia Government: Sustainable Public Procurement Guide
| SPP Focus areas | LOCALISATION/LOCAL CONTENT | SUPPORT FOR SMALL, MEDIUM AND MICRO-ENTERPRISES | PREFERENTIAL PROCUREMENT & BBBEE | ETHICAL PROCUREMENT (COVERING LABOUR PRACTICES & HUMAN RIGHTS) | GREEN PROCUREMENT |

Cross-cutting governance interventions support SPP. These include: National and Western Cape Government Strategic Procurement Strategy; E-Procurement; Professionalization of Procurement Staff; and Transversal SPP Working Group.
It can be difficult to encourage procurement officers to include environmental and social criteria in procurement processes. Sections of the law on sustainable procurement can take different forms.

The Standard Bidding Documents and the Evaluation Criteria and Approach therein is a reflection of the Procurement Law and Regulations.
Local procurement refers to the purchase of goods and services from local businesses. Where, in the interest of project sustainability or to achieve certain specific social objectives, it is desirable in selected project components to call for participation of local communities in the delivery of goods, including non-consulting services, and simple infrastructure projects.

Community procurement offers Government the missing link and allows procurement to better contribute to generating positive social-economic impacts as part of broader Government objectives.
Exclusive preference to local persons, special groups or firms (30)

The purpose of these Regulations is to promote local industry and support socio-economic development by defining the-

- (a) target group and eligibility requirements for benefitting from the preference and reservations schemes;
- (b) percentage margin of preference, where applicable;
- (c) goods, works and services set aside or reserved for specified target groups; and
- (d) means of measuring its effectiveness in achieving the objectives.
Section 64(2)(c) of Public Procurement Act (PPA) Cap 410 (as amended in 2016) and Regulation 30C of Public Procurement Regulations (PPR) of 2013 (as amended in 2016), all Procuring Entities (PEs) shall set aside thirty (30) percent of their annual procurement volume for **registered** legally target group - Youth, Women, Elders and People with Disabilities as a Special Group in public procurement – within Entity Jurisdiction.

PPRA Guideline on Special Groups: each category of special group shall be assigned the following percentage out of the PE’s procurement volume;

- (a) Youth = 10%
- (b) Women = 5%
- (c) Elders = 5%
- (d) People with disability = 10%;
Preferences to local communities (40)

- A procuring entity may reserve works, goods, consultancy or non-consultancy services with a value not exceeding the amount prescribed in the Ninth and Thirteenth Schedules to these Regulations to local firms who are based and operate in local government authorities or regions, except where it is established that local capacity is not available.

Tender Securing Declaration (41)

- (1) Tender securities shall not be required from tenderers participating in the exclusive preference scheme.
- (2) Notwithstanding sub-regulation (1), tenderers shall be required to complete and sign the Tender Securing Declaration Form set out in the Nineteenth Schedule.
Tanzania

Splitting of tenders (42)

- A procuring entity may, for the purpose of ensuring maximum participation of local firms in public procurement, split tenders in practicable size and quantities in accordance with Section 49 of the Act.

- (2) A procuring entity shall divide a tender into several lots of the same size and invite firms to tender for a single or several lots, but shall limit the award of contract to a number of lots that will allow many firms to participate.

- (3) The size of the packages shall depend on the capability of local firms targeted to benefit from the exercise.
Article 19. Community participation

- The beneficiary community may participate in the delivery of services if it is established that it will contribute to the economy, create employment and enhance their involvement in the activities of which they are beneficiaries.

- This shall be carried out by an award of a procurement contract to the beneficiary community by the procuring entity and a contract shall be signed between the two parties specifying the obligations of each party.
Article 20: Organization of community participation

For the purpose of the provisions of the preceding Article, the beneficiary community shall elect two committees:

• 1. Execution committee composed of seven (7) persons including Chairperson, Vice-Chairperson, treasurer, secretary and three committee members.

• 2. Inspection committee composed of five (5) persons including Chairperson, Vice-Chairperson, secretary and two (2) committee members.

• The Chairperson of the Execution committee shall sign the contract with the procuring entity on behalf of the beneficiary community.

• The modalities for payment of the services rendered by the community in the execution of the contract shall be defined by the contract between the procuring entity and the beneficiary community.
Article 21 : Ceiling for using community participation

- A procurement contract may be awarded to the beneficiary community if its value does not exceed twenty million Rwanda francs (Rwf 20,000,000).
- Without prejudice to the provisions of the preceding Paragraph, the value of the contract may exceed twenty million francs (Frw 20,000,000) if the contract is for making terraces, anti erosion trenches or planting trees. In such a case, the procuring entity shall hire an expert, to support the community in the particular activity, in accordance with tendering procedures provided by law.
Community participation in Procurement (Ethiopia)

Communities (small-scale artisans, entrepreneurs and small non-governmental organizations, together referred to as 'community groups") may be brought into the process of competitive bidding or requested for Quotations.

- For example, under national or local competitive bidding, community groups could bid for goods (e.g. furniture, roofing sheets, wooden sleepers, etc), or could bid for works that can be performed by them (unskilled labour, construction of small infrastructure).

- Where competitive bidding may not be feasible, e.g. when contract sums are small or works are remote or scattered, communities (formal and informal community groups or individuals) may be involved in the procurement of goods, works or services.
Community participation in Procurement (Ethiopia)

For the case of cobblestone road construction projects under ULGDP, communities are expected to participate in two ways:

- (a) To carry out cobblestone roads construction works and to supply materials for these projects. The community groups that carry out the works and supply the materials are those individuals organised within MSEs/ SMALL LOCAL CONTRACTORS at the ULGs.

- (b) To procure - works and services for the construction of cobblestone road projects. The community groups that do procurement are those individuals that formed committees or groups at the locality to contribute towards the cost of projects in the area in which they are residing.

The cobblestone road construction contracts eligible for CPP are those valued at less than USD 200,000.
Encouraging SMEs to bid

Providing greater opportunities for small and medium sized enterprises (SMEs) to bid can be important in terms of innovation, competitiveness, environmental impact and local economic development.

Although it is not permitted to make direct reference to a preference for SMEs in procurement, there are approaches which help encourage SMEs to apply for public procurement. For example:

- hold widely advertised open days or meet the buyer events to inform potential suppliers about where opportunities are advertised, how the procurement process is structured, and what tender documentation is required;
- minimise the complexity of tender documentation, as submitting tenders can often be an unnecessarily cumbersome and bureaucratic process;
- divide contracts into smaller lots to make contract requirements more achievable to SMEs (and less attractive to bigger companies);
- limit the number of lots which will be awarded to any one bidder, based on objective and non-discriminatory criteria which must be established in advance;
- allow for a longer period of time for the submission of expressions of interest and tenders; and
- commit to paying SME invoices on time, or even early to help with cash flow.
Functions of the Board (3)

- Assisting the local business community to become competitive and efficient suppliers to the public sector.

Evaluation of tenders (59)

(4) To determine the lowest evaluated tender, the procurement entity shall consider:

- \((a)\) the tender price, subject to any margin of preference applied under section 60(2);

- \((b)\) the cost of operating, maintaining and repairing the goods or works, the time for delivery of the goods, completion of works or provisions of the services, the functional characteristics of the goods or works, the terms of payment and of guarantees in respect of the goods, works or services;
Evaluation of tenders (59)

- (4) To determine the lowest evaluated tender, the procurement entity shall consider

  - (c) the effect the acceptance of the tender will have on
    - (i) the balance of payments position and foreign exchange reserves of the country;
    - (ii) the countertrade arrangements offered by suppliers or contractors;
    - (iii) the extent of local content, including manufacturer, labour and materials, in goods, works or services being offered by suppliers or contractors;
    - (iv) the economic-development potential offered by tenders, including domestic investment or other business activity;
    - (v) the encouragement of employment, the reservation of certain production for domestic suppliers;
    - (vi) the transfer of technology;
    - (vii) the development of managerial, scientific and operational skills;
Ghana

Rating for Energy Efficiency and Fuel Consumption Levels:

- Energy Commission in conjunction with Ghana Standards Authority and PPA developed a five star rating (the more stars, the more efficient the appliance) for common electrical appliances in Ghana to control energy consumption in the light of power crises which have been confronting Ghana over some years now.

- Consequently, the study found that all public procurement entities according to the regulations of PPA is required to enforce the star ratings introduced by the Standard Authorities in their purchasing decisions of electrical appliances.
**Emissions Levels:**

Aside from energy and fuel efficiency, carbon levels emitted into the air are also taken into account in procuring vehicles by the public sector of Ghana, especially those responsible for environmental regulation and promotion of environmentally friendly practices like Environmental Protection Agency.

*They specify the level of emissions from the vehicles to buy.*
**ISO Standards:**

In other procurement entities, International Organizations Standardization (ISO) standards are required for specific products that are advertised for suppliers to respond to aside that energy efficiency and consumption requirements. Specifically, ISO 9000 and 14000 standards regulate production systems of industries which their productions patterns must meet.
Social Sustainability Criteria

- request for proof of payment of social security contribution for employees, grants quota to indigenous supplier or contractors in an international competitive bids, and re-emphasizing the law that demands access to all public buildings and facilities by the physically challenged
Margin of Preference for Indigenous Companies

Sub-Contracting and engagement of Local Artisans

“...the government may put some clauses in the tender document. Maybe, you should have to employ 40% of Ghanaians or sub-contract 30% of the job to local companies.”
The bid document: Topics

1. An invitation to bid
2. Instruction to bidders
3. Bid data sheet
4. Evaluation Criteria and Approach
5. Bidding and contract forms
6. Statement of requirements
7. Eligibility requirements
8. General conditions of contract
9. Specific conditions of contract
Define the sustainability aspects in the procurement

Once you have determined the key environmental and social life-cycle impacts to address, you should now be ready to set requirements that would minimise these impacts.

For example, if the key environmental impact from purchasing paper is the source of fibre, specify the use of recycled-content paper from a source that can be verified. Another example might be to specify minimum requirements for the energy or water efficiency of a product.
## Subject of Procurement

<table>
<thead>
<tr>
<th>Conventional</th>
<th>Sustainable</th>
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<tr>
<td>Supply of computer systems</td>
<td>Supply of energy-efficient computer systems</td>
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<tr>
<td>Renovation of office block X</td>
<td>Supply of energy-efficient computer systems manufactured in working conditions that respect the dignity of workers</td>
</tr>
<tr>
<td></td>
<td>Renovation of office block X utilising energy efficient design, eco-friendly building materials and social aspects along the supply chains for the products and services used</td>
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<td></td>
<td>Open procedure for the delivery of (sustainable) office supplies.</td>
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<td></td>
<td>Provision of sustainable catering services</td>
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Selection Criteria

- Assessing bidders’ qualifications and experience with relevant construction techniques and materials for the construction of a low energy, low environmental impact building.
- Assessing bidders’ qualifications in green cleaning techniques for a cleaning contract.
- Assessing bidders’ experience in providing organic and seasonal menu options for a school catering contract.
- Assessing the environmental management systems which bidders have in place for a waste collection service contract.
- Assessing bidders’ ability to track products throughout complex global supply chains, and monitor compliance with the ILO core conventions, for example in a major clothing supply contract.
Selection Criteria Office Supplies (Flemish)

Paper products and other products that consist mainly of paper fibres:

- Copying paper: 100% recycled fibre.
- Other paper products: at least 70% of fibres from sustainable sources (either recycled or from sustainably managed forests), rest from legal sources.

These criteria applied to both house brands and A level brands. Means of verification include: technical specifications sheet, environmental product declaration or one of the following certificates/labels:

- 100% recycled: Blaue Engel label, NAPM 100%, APUR 100%, FSC Recycled.
- 70% sustainable sources: EU Ecolabel, Österreichische Umweltzeichen, FSC Mixed, PEFC Recycled, PEFC Mixed and NF Environment for envelopes.
Selection Criteria Office Supplies (Flemish)

**Labels**
- Paper labels: see category ‘Paper products and other products that consist mainly of paper fibers’.
- Other materials (textile, plastic etc.): at least 30% recycled or renewable content.

**Writing instruments (pens, pencils, markers etc.)**
- Barrel (& cap if applicable)
- At least 50% recycled or renewable content (accept wooden parts – see below) or;
- 100% wood from sustainable forestry.

**Filing and storage supplies – including non paper folders, binders etc.**
- At least 40% recycled or renewable content.
Selection Criteria Office Supplies (Flemish)

- **Ink, toner, link ribbons**
  - Reconditioned toner / ink without mercury, lead, cadmium or chrome or;
  - Products with Blaue Engel or Nordic Swan label without mercury, lead, cadmium or chrome.

- **Desk accessories / Other office supplies**
  - At least 40% recycled or renewable content.

- **Other products**
  - At least products with a Type I Ecolabel;2
  - Other sustainability criteria: possible with consultation / approval of Government of Flanders.
Out of 105 points, 35 points were awarded to sustainability criteria. These were divided as follows:

- **Share of sustainable products in the inventory (based on 103 product types for which a sustainable product was optional)** - 10 points.
- **Share of sustainable products in the comprehensive catalogue** - 20 points.
- **Visual aid, search engine and other stimuli helping the procurer to make sustainable choices** - 5 points.

Sustainable transport was also a part of the ‘Service’ award criterion, where a maximum of 15 points could be earned. In order to judge the offers, every supplier had to explain how the transport for deliveries is arranged. The points were based on:

- **The ecoscores or emission standard (EURO) of gasoline and petrol driven vehicles in the fleet**;
- **Alternative technologies such as (partly) human powered vehicles, electrical vehicles and CNG vehicles**;
- **Actions to reduce kilometers driven and fuel consumption**.
Promoting Life Cycle Costing

- Non-monetized externalities
- Cost of externalities environmental/social
- Acquisition, use & end of life costs
- Purchasing Price

All life cycle costs and impacts

Monetized Life cycle costs (LCC)

Total cost of ownership (TCO)

Price

Organization → Society

Source: UN Environment/ISO 20400
The documentation required to provide evidence of eligibility shall be:-

(a) a certificate of registration issued by the Authority for bidders currently registered with the Authority or a copy of the Bidder’s Trading licence or equivalent and a copy of the Bidder’s Certificate of Registration or equivalent for bidders not currently registered with the Authority;

(b) a statement in the Bid Submission Sheet that the bidder meets the eligibility criteria stated in ITB 4.1;

(c) a declaration in the Bid Submission Sheet of nationality of the Bidder;

(d) a declaration in the Bid Submission Sheet that the Bidder is not under suspension by the Authority;

(e) fulfilment of obligations to pay taxes and social security contributions in Uganda where applicable.
The commercial responsiveness of bids shall be evaluated in accordance with ITB Clause 33. The criteria shall be:

(a) acceptance of the conditions of the proposed contract;

(b) inclusion of all cost components required such as installation, training, inspection or proving, commissioning, in addition to the price of the supplies;

(c) acceptable delivery schedule.
Technical responsiveness shall be evaluated in accordance with ITB Clause 33.3.

6.2 The Statement of Requirements details the minimum technical requirements. Responsiveness is determined by comparison of the specification offered to the specification required in Section 6 and the evaluation is conducted on a pass/fail basis. Substantial responsiveness shall be considered a pass.
The financial comparison shall be conducted in accordance with ITB Clause 36. The costs to be included in the bid price bid are:

(a) the unit and total delivered price based on the delivery terms requested and the quantity specified in Section 6;

(b) taxes, duties and levies;
The non-cost factors to be included in the evaluated price are:

(a) Adjustment for deviations in the schedule of payment, if applicable.

(b) Adjustment for deviations in the delivery schedule, if applicable.
The Purchaser’s evaluation of a Tender will take into account, in addition to the Tender price quoted in accordance with ITT Clause 14.6, one or more of the following factors as specified in the Tender Data Sheet, and quantified in 1.2 below:

- (a) cost of inland transportation, insurance, and other costs within Ghana incidental to delivery of the goods to their final destination (only if the price for these services has not been requested as part of the Tender price as per TDS- ITT 14.6(a)(ii), and ITT 14.6(b)(iv)).
- (b) delivery schedule offered in the Tender;
- (c) deviations in payment schedule from that specified in the Special Conditions of Contract;
- (d) the cost of components, mandatory spare parts, and service;
- (e) the availability in Ghana of spare parts and after-sales services for the equipment offered in the Tender;
- (f) the projected operating and maintenance costs during the life of the equipment;
- (g) the performance and productivity of the equipment offered; and/or
- (h) other specific criteria indicated in the Technical Specifications.