

User Guide

for

Standard Bidding Document

for the

**Procurement of Framework Contracts for
Supplies or Services**

Republic of Uganda

.....2010

User Guide for the Standard Bidding Document for the Procurement of Framework Contracts

The2010 Version of this User Guide and the Standard Bidding Document are based on earlier documents issued by Public Procurement and Disposal of Public Assets Authority based on the PPDA Act and Regulations, 2003 and best international procurement practices.

Any general or specific comments on either of these documents by users, which will assist in improving the documents, or correcting any errors, should be forwarded to the PPDA to ensure that amendments are included in subsequent revisions to the documents.

User Guide for the Standard Bidding Document for the Procurement of Framework Contracts

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Guidance Notes on the use of Standard Bidding Document and User Guide for Framework Contracts

What is a Framework Contract and When Should it be Used?

A framework contract is effectively a head contract, which defines fixed unit prices for certain Supplies or Services over a certain period of time, but without specifying the precise quantity of the supplies or Services required or actually ordering any of the supplies or Services.

Supplies or Services are then ordered, as and when required, by individual call-off orders, which specify the required quantities of the supplies or Services defined in the head contract. Deliveries and payments are made against each individual call-off order.

A framework contract is a contractual arrangement that provides an efficient, cost effective and flexible way of procuring supplies that are needed continuously or repeatedly over a period of time. The framework contract provides a means of reducing procurement costs and time for supplies which are needed on a regular basis. Typical examples include:

- office stationery;
- tyres and spare parts for routine vehicle repairs;
- Hotel services
- commonly used medical supplies.
- Vehicle maintenance

A framework contract also provides a means of having supplies or Services “on call”, where they might be needed urgently, but where the quantity and timing cannot be defined in advance. For example, malaria drugs might be needed to deal with a sudden outbreak of the disease, but the size and timing of any outbreak cannot be known in advance. The existence of a framework contract would allow a Procuring and Disposing Entity to respond quickly to the emergency, without resorting to direct procurement, which is likely to result in higher prices, due to the lack of competition.

Framework contracts should not normally be used for supplies or Services which are only required occasionally, or which could be purchased by a single lump sum contract. Where the quantity of supplies and the times they are needed is well defined in advance, a lump sum contract is more appropriate.

Benefits of Using a Framework Contract

When used in appropriate circumstances, a framework contract can offer a number of benefits:

- reduced time and resources spent on procurement, as the Procuring and Disposing Entity only has to conduct a single bidding process and place a single contract to be able to order supplies whenever they are needed, rather than conducting a separate procurement process each time e.g. 12 separate call-off orders could be

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placed on a monthly basis under a single framework contract covering a period of one year.

- Bidders' time and effort in preparing bids or quotations is reduced. A greater number of Bidders should be interested in the contract, as a single bid will result in guaranteed business for a long period of time.
- lower prices should be obtained, as by aggregating requirements, a larger contract is offered, which is more attractive to providers, resulting in more competitively priced bids.
- the lead time for delivering supplies can be reduced, as there is no need for a procurement process for each order. Minimum response times for delivering the supplies can be included in the contract.
- Procuring and Disposing Entities can retain the benefits of competition, even where supplies or Services are needed in an emergency situation.
- the Procuring and Disposing Entity can obtain benefits of scale without incurring the costs of holding stock or paying for a large volume of supplies or Services up-front.
- Call-off orders can be placed and commitments made in accordance with the funds available.
- Once a framework contract is in place, the completion of call-off orders is a quick and simple process.

Disadvantages of Using a Framework Contract

- Although call-off orders can be easily placed, the overall framework contract must be managed, to ensure that individual orders and payments correlate and that the Procuring and Disposing Entity is meeting any financial commitment to purchase a minimum value of supplies or Services.
- The Procuring and Disposing Entity may need to guarantee a minimum value of supplies or Services in order to obtain competitive bids. There is then a risk that it does not require the minimum value specified.
- It may be difficult to accurately estimate the quantity of supplies or Services likely to be required. If actual requirements turn out to be higher than estimated, the Procuring and Disposing Entity may end up paying higher prices than necessary. If actual requirements turn out to be lower than estimated, Bidders may increase their prices or decline to bid for any subsequent framework contract.
- Framework contracts may favour larger providers, who are able to hold sufficient stock or import supplies quickly to meet the required response times. Smaller providers may be unable to compete for the contract.

Key Issues in Using Framework Contracts

In deciding whether to use a framework contract and drafting the Bidding Document, there are a number of key issues to be considered:

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- **Frequency or Probability:** how frequently are the supplies or Services required? If they are only needed occasionally, a framework contract may not be appropriate. If supplies or Services are required on-call for an emergency situation, what is the probability of requiring the Supplies or Services at all.
- **Definition:** how well can the supplies or Services required be defined? If only a general type of supplies or Services rather than the actual supplies or Services required is known, a pre-qualification or registration exercise, which allows Bidders to be short listed for a limited competition when required, may be more appropriate.
- **Exclusivity:** is the Procuring and Disposing Entity going to make an exclusive arrangement with a single provider, which guarantees all orders for a certain type of supplies or Services to that provider? This should result in more competitive prices and reduced procurement time and costs, but may prove to be inflexible and favour larger providers.
- **Estimates:** how accurately can the Procuring and Disposing Entity estimate its total requirements? The key to obtaining the benefits of framework contracts is the ability to make reasonably accurate estimates. If the quantity is known precisely, a lump sum contract can be used. The Entity should use its approved budget as an indicative guide in determining the estimates.
- **Minimum Values:** Is the Procuring and Disposing Entity going to guarantee a minimum value of orders? Any guarantee, gives the entity a commitment which it must meet. However, not guaranteeing any minimum, may result in fewer bids or less competitive prices.

Use of this User Guide

This User Guide has been prepared to provide guidance to public officials in the correct use of the Standard Bidding Documents (SBD) for Framework Contracts for Supplies or Services as a model for preparing an individual Bidding Document (BD) for a framework contract.

The SBD for Framework Contracts for Supplies or Services is based on the SBD for Framework contracts for Supplies and differs in only a few areas. This User Guide contains:

- (a) details of the areas of the Framework Contract SBD; and
- (b) guidance notes which relate specifically to Framework Contracts.

The purpose and structure of the SBD, the availability of electronic documents, rules for customisation and drafting of documents, the bidding process and the preparation of Bid Notices and Invitation to Bid Letters remain the same as for the SBDs for Services and Supplies.

The following sections highlight the special considerations for framework contracts, for each section of the SBD.

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Guidance Notes on Section 1. Instructions to Bidders and Section 2. Bid Data Sheet

The Instructions to Bidders (ITB) and Bid Data Sheet (BDS) are very similar to the ITB and BDS for the SBDs for Supplies and Services, as the procedures that regulate the bidding process are essentially the same. As with all other SBDs, the ITB contain standard provisions that have been designed to remain unchanged and **to be used without modifying their text**, while the BDS supplements them by specifying details relevant to an individual bidding document.

The following notes summarise the ITB for framework contracts for information purposes only. Procuring and Disposing Entities are not permitted to amend the ITB (Section 1). They also provide guidance notes on completion of any areas of the BDS.

ITB/BDS Clause No	Summary of Difference
ITB 1.1	<p>Scope of Bid</p> <p>An extra sentence has been added, to make it clear that bids are being invited for an estimated quantity of supplies or services under a framework contract arrangement.</p>
BDS 1.1	<p>Scope of Bid</p> <p>In addition to completing the subject of procurement, the PDE should complete the period of time which the framework contract will cover e.g. “The subject of procurement is a framework contract for office stationery for a period of one year”.</p>
ITB 2.2	<p>Source of Funds</p> <p>The information on payment has been amended to make it clear that payments are made against individual call-off orders, rather than against the framework contract itself.</p>
ITB12.1(c) ITB 12.1(d) ITB 14.3	<p>Bid Submission Sheet and Price Schedules & Bid Prices and Discounts</p> <p>Text has been added to clarify that the total bid price and price schedules are to be based on the estimated quantity of supplies or services.</p>
ITB 40.3	<p>Award Procedure</p> <p>A new sub-clause has been added, to make it clear that an award of contract will not purchase the Supplies or Services specified in the Bidding Document, but that purchases will be made through call-off orders.</p>
ITB 41.1	<p>Right to Vary Quantities at Time of Award</p> <p>This has been revised to clarify that the right to vary quantities will apply to the estimated quantity or any minimum contract value specified.</p>

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ITB/BDS Clause No	Summary of Difference
BDS 41.1	Right to Vary Quantities at Time of Award The variation is expressed as a percentage, so the guidance in the lump sum SBD is equally applicable to the framework contract. In practice, there is unlikely to be any variation of quantities at the time of contract award, as the framework contract is based on estimated quantities anyway.

Guidance Notes on Section 3. Evaluation Methodology and Criteria

The purpose of the Evaluation Methodology and Criteria (EMC) is to inform Bidders of the methodology and criteria that the Procuring and Disposing Entity will use to evaluate the bids and post-qualify the best evaluated bidder. The evaluation methodology will be the same as under a bidding process for a lump sum contract and the criteria will remain very similar. The evaluation methodology to be used shall depend on the type of procurement i.e. consultancy services (Quality and Cost Based Selection) and supplies and non-consultancy services (Technical Compliance Selection).

The recommended wording for this section is the same as for the lump sum document, with the following exceptions:

5. Commercial Criteria

“Acceptable delivery schedule” has been amended to “acceptable response times to call-off orders”, to reflect the fact that an overall delivery schedule cannot be specified for a framework contract, as the timing of requirements is unknown.

“Inclusion of all cost components” has been deleted, as framework contracts normally relate to spares and consumable items, rather than equipment which requires installation, training, inspection or proving, commissioning etc. However, this can be added in if required.

7. Costs to be included

The wording at (a) has been amended to clarify that the evaluation will be based on the prices bid for the estimated quantity.

Additional Guidance on Post-qualification Criteria

In addition to the post-qualification criteria suggested in the User Guide for the SBD for lump sum contracts, the Procuring and Disposing Entity may wish to consider including a qualification criterion related to the Provider’s stock levels, where a certain level of stock is likely to be required to meet call-off orders within the required response times.

Guidance Notes on Section 4. Bidding Forms

The Bidder (or a financial institution or manufacture) is required to complete the Bidding Forms. Document. The Procuring and Disposing Entity **is not required to input or change any information** in Section 4.

The same bidding forms are included in the framework contracts SBD as in the lump sum contract SBD, but the following minor changes have been made to the forms:

Bid Submission Sheet

The wording at (b) has been amended to refer to response times, rather than a delivery schedule.

A new declaration has been added at (c), which requires the Bidder to sign that he understands that any resulting contract will be a framework contract, with estimated quantities and that the Procuring and Disposing Entity will not be bound to purchase any supplies or supplies with the exception of any guaranteed minimum value.

Price Schedule

Column 5 has been amended to refer to an estimated quantity.

Guidance Notes on Section 5. Eligible Countries

Section 5, Eligible Countries is identical for all standard bidding documents.

Guidance Notes on Section 6. Statement of Requirements

The Statement of Requirements (SOR) should provide sufficient information to enable bidders to efficiently and accurately prepare bids that are realistic and competitive and to ensure that bids meet the PDE's needs.

The SOR consists of the same parts as in the lump sum contract SBD, but with the following minor changes:

List of Supplies or Services

Space is provided at the top of the page to insert a minimum value (currency and amount should be inserted), which will be purchased under the framework contract. Where possible, a minimum value should be stated, as it should result in more competitive bid prices. However, the minimum stated will become a contractual commitment and therefore the PDE should not insert any minimum which it will be unable to meet or fund. Where no minimum can be guaranteed, the text should be amended to read "No minimum value of supplies or services shall be purchased by the contract".

The column quantity has been amended to "estimated quantity".

Bills of Quantities, Delivery and Completion Schedule

The "Bills of Quantities, Delivery/Completion Period" in the table has been amended to "Response Time" for individual call-off orders. The first sentence above the table defines that the response time will commence from the date of each call-off order.

The PDE is also required to insert the period during which call-off orders may be issued. This is normally one year, but can be longer. Care should be taken to ensure that the period defined in the Delivery and Completion Schedule is the same as that stated in Clause 1.1 of the BDS and the Agreement form in Section 9.

Where there will be more than one delivery point, this must be stated. Precise addresses are not essential, provided the information is sufficient to enable Bidders to include delivery costs in their bid prices e.g. "Delivery will be required to 3 different locations within Kampala" or "Delivery will be required to the Ministry's offices in both Kampala and Entebbe".

Where the estimated number and/or frequency or call-off orders is known with reasonable accuracy, this could be added, to assist Bidders in determining the stock-levels they would need to meet the response times and the prices to charge, taking into account delivery costs etc. For example, "It is estimated that approximately twelve call-off orders will be placed at approximately monthly intervals". The PDE must ensure that any information added contains words such as "estimated" or "approximately", so that it does not commit itself to a fixed order and delivery schedule. Where this information is not known, there is no need to add anything.

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Guidance Notes on Section 7. General Conditions of Contract and Section 8. Special Conditions of Contract

The General Conditions of Contract (GCC) contain standard provisions that have been designed to remain unchanged and **to be used without modifying their text**, while the Special Conditions of Contract (SCC) supplement the GCC by modifying conditions applicable to an individual contract. The SCC prevail over the GCC.

The Government of Uganda has issued one single set of GCC to apply to all Supplies or Services' contracts. Therefore Section 7, the General Conditions of Contract, is identical to the GCC for all SBDs.

PDEs should consult the User Guide for services or supplies for guidance on drafting the majority of the SCC. The notes below provide an explanation of the additional Special Conditions which have been added for framework contracts and guidance on drafting any clauses specific to framework contracts.

Guidance Notes on Additional Special Conditions	
GCC/SCC Clause No	Special Conditions for Framework Contracts
GCC 1.1	<p>Definitions</p> <p>Additional definitions have been added to the SCC for framework contracts, to define framework contract, call-off order and response time.</p> <p>No addition, deletion or modification should normally be required to this clause.</p>
GCC 2.1(g)	<p>Contract Documents</p> <p>The standard wording provided states that the call-off orders issued under the contract form part of the contract. It is important to note that, in the event of any conflict, the main framework contract will take precedence over anything included in a call-off order. This is also stated in the call-off order itself.</p> <p>This clause should not normally require any modification. Any other documents to be included in the contract can also be listed.</p>
GCC 8.1	<p>Notices</p> <p>Additional wording has been added to specify that the PDE's address and contact name for notices shall also be the authority for issuing call-off orders.</p> <p>Additional wording has been added to specify that the Provider's address for notices shall also be the address for call-off orders.</p> <p>No modification should be required, except for the insertion of the names and contact details, as normally required for notices.</p>
GCC 11.1	<p>Scope of Supply</p>

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Guidance Notes on Additional Special Conditions	
GCC/SCC Clause No	Special Conditions for Framework Contracts
	<p>An additional SCC has been added to modify GCC 11.1. The General Condition states that the scope of supply is specified in the Statement of Requirements. The Special Condition modifies this by stating that the quantities will be specified in call-off orders. (The specifications etc remain as specified in the Statement of Requirements).</p> <p>No addition, deletion or modification should normally be required to this clause.</p>
GCC 12.1	<p>Delivery and Documents</p> <p>An additional SCC has been added to modify GCC 12.1. The General Condition states that the delivery shall be in accordance with the Delivery and Completion Schedule in the Statement of Requirements. The Special Condition modifies this by stating that delivery shall be in accordance with each call-off order, but using the response times in the Delivery and Completion Schedule.</p> <p>No addition, deletion or modification should normally be required to this clause.</p> <p>The second part of the SCC relates to shipping and other documents and should be completed in the same way as for a lump sum contract. The only difference is that the documents are for each call-off order, rather than the whole contract.</p>
GCC 15.1	<p>Contract Price</p> <p>An additional SCC has been added to modify GCC 15.1. The General Condition states that contract price shall be as stated in the Agreement, subject to any additions or adjustments made under the contract. The Special Condition clarifies this by stating that the contract price specified in the Agreement is an estimated price only and that the actual price payable shall be calculated on the basis of the unit prices in the Price Schedule and the quantities specified in call-off orders, subject to any minimum value specified in the Statement of Requirements.</p> <p>No addition, deletion or modification should normally be required to this clause.</p>
GCC 16.1	<p>Terms of Payment</p> <p>The PDE is required to insert the structure of payments in SCC 16.1. The SCC for the framework contract is completed with a default wording, which will normally apply. This is based on full payment for each call-off order, following delivery and the submission of an invoice and all required supporting documentation.</p>

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Guidance Notes on Additional Special Conditions	
GCC/SCC Clause No	Special Conditions for Framework Contracts
	This should not normally require any modification, but may be amended where necessary.
GCC 18.4	<p>Performance Security</p> <p>If a performance security is required under a framework contract, it should normally be reduced in value after each call-off order. Therefore, additional suggested wording is provided at the end of this clause to provide for reduction of the security.</p> <p>If no performance security is required, this clause can be deleted.</p>
GCC 27.1	<p>Liquidated damages</p> <p>If liquidated damages apply, the modified SCC 27.1 is required to state that liquidated damages will apply separately to each call-off order and will be calculated as a percentage of the value of the call-off order, rather than as a percentage of the total contract value. The percentage values indicated for liquidated damages and the total amount of liquidated damages should be in line with the percentages suggested in the lump sum contract.</p> <p>If liquidated damages do not apply, the entire clause can be replaced with “Liquidated Damages shall not apply”.</p>

Guidance Notes on Section 9. Contract Forms

Section 9 of the Bidding Document contains forms for the Agreement, the Performance Security, and the Advance Payment Security, as in all other SBDs. It also contains a sample call-off order, which should be attached to the Agreement form, as an example of the call-off orders to be placed under the framework contract.

The security forms are for completion by financial institutions, on behalf of the successful Bidder, so do not require any input by the PDE. They are identical to those included in the lump sum SBD.

Agreement

The initial details to be completed on the Agreement (names, addresses, dates, contract price) are specific to the successful Bidder and therefore should be left blank for inclusion in the Bidding Document. However, the clauses of the Agreement (1-9) may need to be amended to suit the precise requirements of the framework contract the PDE wishes to award. Therefore, these should be amended, prior to issuing the Bidding Document, so that Bidders can see the conditions which will apply to any resulting contract. Further guidance and explanation of clauses 1-9 are given below:

Clauses 1-3 are the standard, being identical or very similar, to those included in other SBDs. They should be used without any modification.

Clause 4 states that the quantities in the contract are estimates and not purchased by the contract. This clause should not require any modification.

Clause 5 provides for an exclusive framework arrangement with the Provider, where all of the PDE's requirements for that type of supplies or services are purchased from the Provider, subject to an exclusion in cases of emergency. If the PDE does not want to award an exclusive framework contract, this clause should be deleted.

Clause 6 guarantees the Provider a minimum value of contract. Where the PDE cannot guarantee any minimum, this clause should be deleted. Care must be taken to ensure that this clause is consistent with the statement on minimum values in Section 6, Statement of Requirements.

Clause 7 states that any supplies or services purchased under the contract will be ordered by means of call-off orders and specifies the format and authorised signatory for the call-off orders. This clause should not require any modification.

Clause 8 specifies the time period of the framework contract. One year has been included as a standard wording, but can be amended as required. Care must be taken to ensure that this clause is consistent with the time period stated in the Delivery and Completion Schedule in Section 6, Statement of Requirements and in BDS Clause 1.1.

Clause 9 provides certain limitations on individual call-off orders.

Sub-clause (a) gives a minimum order value, below which the Provider is not obliged to provide the Supplies or services. This is included as it may be uneconomic for the Provider to make numerous very small deliveries. The standard limitation is provided as 2½% of the contract price, but can be amended if required.

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Sub-clause (b) gives a maximum order value, above which the Provider is not required to meet the response times given in the contract. This is included as it may be uneconomic for the Provider to hold sufficient stock to meet unexpected very large deliveries. The standard limitation is provided as 25% of the contract price, but can be amended if required.

Call-Off Order

The call-off order is for use each time the PDE wants to place an order under the framework contract. Therefore, **it should be left blank for inclusion in the Bidding Document**. The notes below provide guidance on the completion of call-off orders, once a framework contract has been placed.

The call-off order consists of a one page order form, supported by a List of Supplies or services and Price Schedule.

The order page contains standard wording, instructing the Provider to deliver the required Supplies or services and stating that the framework contract takes precedence over the call-off order, in the event of any conflict

The order page should be completed with the following details:

- The procurement reference number, which must be the same as the number on the framework contract.
- The call-off order reference number. Each call-off order must be numbered sequentially to enable both the PDE and the Provider to keep records of all call-off orders and to enable deliveries and invoices to be matched to individual orders. There is no prescribed format for call-off order reference numbers, as there is for procurement references numbers. Unless there is any need for a more complex system, the call-off orders can simply be numbered, 1, 2, 3 etc.
- The name of the Procuring and Disposing Entity.
- The name of the Provider.
- The date of the call-off order. This is important, as the response time is calculated from the date of the order.
- The total value of the call-off order, which must be the same as the total value on the attached List of Supplies or Services and Price Schedule.

The call-off order must be signed by the authorised signatory, who is defined in SCC 8.1.

The List of Supplies or Services and Price Schedule should be completed with the following details:

- The procurement reference number and the call-off order reference number, which must be the same as on the order page.
- The item number for each item ordered. This should correspond with the item number in the Statement of Requirements in the framework contract, rather than simply numbering all items ordered consecutively.
- The description of the supplies or Services ordered, which should be the same as the description included in the framework contract.

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- The quantity of Supplies or Services required. This should be the quantity for each individual order. The contract manager should keep a separate record of the cumulative quantity ordered.
- The unit of measure, which should be the same as on the framework contract.
- The unit price, which must be the same as in the framework contract.
- The total price, obtained by multiplying the unit price by the quantity.
- Any additional costs included in the contract, such as delivery or packing costs must be included and VAT should be added to the subtotal, if the contract is subject to VAT.
- The total price should be entered at the bottom. This price will constitute the total value of the call-off order given on the first page.