



UNITED REPUBLIC OF TANZANIA

PUBLIC PROCUREMENT REGULATORY AUTHORITY

PARTICIPANT'S HANDBOOK

TRAINING MODULE N° TWO

PROCUREMENT PLANNING FOR LOCAL GOVERNMENT AUTHORITIES

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FOREWORD

Decentralization has been one of the major policy initiatives of the Government of the United Republic of Tanzania. The most recent policy reform commenced two decades ago and was formulated in 1998 as Decentralisation-by-Devolution (D-by-D). The policy has the main objective to empower citizens, devolve fiscal resources, democratize state power and facilitate effective service delivery in our communities to improving people's welfare. It is also intended to improve transparency and accountability in Local governments, promote good governance and participatory democracy.

Under the decentralization policy, a range of powers, responsibilities and functions are transferred to Local Government Authorities at Council and sub-Council levels. Besides the responsibility of planning, mobilising, allocating and managing fiscal resources, the function of procurement and contracts management was fully transferred to Local Governments as entrenched in the Public Procurement Act (PPA) of 2004 and subsequent revisions made under PPA 2011 and amended in 2016.

In the course of implementing public procurement reform, we have realized that many Local Government Authorities - which constitute around one-third of all Procuring Entities in Tanzania- do not have adequate capacity in several core areas of Procurement and Contract Management. This is partly related to the complex, multi-sectoral organisation and the wide range of services provided by the LGAs at various levels (Council, Ward, Village and Service Delivery Unit). Experience also shows that procurement capacity development is yet to receive the required priority and resources at operational and strategic levels of the LGAs. Hence, there is need to guide LGA staff and officials (i.e. job families) in the use and application of procurement law, regulations, procedures, processes, roles, responsibilities, tools and systems by addressing required hard and soft competences at the individual level to improve their job performance. The aim is to improve compliance and performance of Departments, Units and the Council in the main procurement functions and processes, and ultimately attain Value-for-Money in procurement.

Against this background, the Authority has developed five training modules to enhance the availability of quality, procurement training materials specifically targeting Local Government Authorities, to mention:

Module	Title
N ^o 1	Use and Application of Public Procurement Act and its Regulations for Local Government Authorities (available in both English and Swahili)
N ^o 2	Procurement Planning for Local Government Authorities

Module	Title
Nº 3	Procurement Record Management and Reporting for Local Government Authorities
Nº 4	Contract Administration and Management for Local Government Authorities
Nº 5	Contract Closure, Review and Evaluation of Performance and Outputs

The modules were developed and introduced as part of Procurement Skills Development Planning in 28 selected LGAs in four regions (Dodoma, Kigoma, Pwani and Tanga) to guide and support LGA procurement capacity development. This training module No 2 provides detailed guidance on **Procurement Planning for Local Government Authorities**. All Local Governments, stakeholders and training providers are enjoined to use this and other modules whenever they are conducting procurement training for LGAs.

The modules comprise Participants Handbook, Trainer’s Guide and additional training materials, which are available in printed version and on-line. The PPRA intends to make the modules available through its e-learning platform in the near future. The modules should, however, be used together with the Constitution, the Public Procurement Act and its Regulations, Local Government Finance Act, and any legislation relevant to a particular subject or topic.

Finally, we wish to express our deep appreciations and gratitude to our partners and collaborators in the invaluable assistance they gave the Authority in developing, roll-out and final production of the training modules. The modules are one of the main outputs of the Enhancement of Procurement Capacity of Local Government Authorities project (EPC-LGAP), which was jointly implemented from 2013 to 2017 by the PPRA and the Belgian Development Agency (BTC) in partnership with the President’s Office - Regional Government and Local Government (PO-RALG).

The Authority invites stakeholders to provide feedback on the use of this and other training module and undertakes to provide any clarification where required to support capacity building and improvement of procurement and contract management in the Local Governments.

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ABBREVIATIONS

AO	Accounting Officer
APP	Annual Procurement Plan
BAA	Budget Approving Authority
BTC	Belgian Development Agency
CFC	Council Finance Committee
CMT	Council Management Team
CPI	Compliance Performance Indicator
D-by-D	Decentralization by Devolution
GN	Government Notice
GPN	General Procurement Notice
ICB	International Competition Bidding
ICT	Information Communication Technology
IS	Individual Selection
KPI	Key Performance Indicator
LGA	Local Government Authority
LOGWS	List Of Goods, Works And Services
MTEF	Medium Term Expenditure Framework
NCB	National Competition Bidding
NCS	National Completion Selection
PE	Procuring Entity
PMIS	Procurement Management Information System
PPA	Public Procurement Act
PPR	Public Procurement Regulations
PPRA	Public Procurement Regulatory Authority
RS	Regional Secretariats
SPN	Specific Procurement Notice
SSS	Single Source Selection
SWOT	Strengths, Weaknesses, Opportunities And Threats
TB	Tender Board

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I. MODULE DESCRIPTORS

The procurement training module on Procurement Planning is intended to provide participants with general understanding on the link between decentralisation, the Local Government system in Tanzania and the importance of good procurement and contract management practices, in particular Procurement Planning of which the Local Government procurement function operates.

Procurement is the process of buying goods, works and services to satisfy the identified needs. Procurement is an important function within a Local Government as it is to the Central Government and private entities as it enables all of them to acquire goods, services and construction works needed to fulfil their objectives. In order for Local Government Authorities to be able to improve service delivery, they have to acquire goods, services and works of the right quality, at the right time, in the right quantity, from the right source and at the right price.

I.1 Decentralisation and Public Procurement in Tanzania

Decentralisation refers to the transfer of national responsibilities or functions from central government to sub-national levels of government or from central agencies/offices to regional bodies or branch offices, or to non-governmental organisations or private concerns (Miller 2002). This transfer includes the authority to plan, make decisions and manage public affairs including financial resources by agencies other than the central government. According to (Schneider 2003), decentralisation can take on any of the following forms:

- i) **Deconcentration:** the central government transfers responsibility for policy to its offices. At sub-national level. Under this arrangement, the central government retains authority over the field office and exercises that authority through the hierarchical channels of the central government bureaucracy. Deconcentration allows only moderately more autonomy than centralized systems.
- ii) **Delegation:** the central government transfers policy responsibility to local governments or semi-autonomous organisations that are not controlled by the central government, but remain accountable to it. Under this arrangement, the central government exercises its control through a contractual relation that enforces accountability of local government. Delegation represents a slightly higher level of administrative autonomy for local entities than under deconcentration.

- iii) **Devolution:** the central government allows quasi-autonomous local units of government to exercise power and control over the transferred policy. Compared to the other two types of decentralisation, devolution provides the greatest degree of autonomy for the local unit in terms of administrative powers and fiscal resources. The local unit is only accountable to the central government insofar as the central government can impose its will by threatening to withhold resources or responsibilities from the local unit.
- iv) **Privatisation:** refers to the cases in which decentralisation occurs to organisations outside the government sector.

The Tanzanian local government system is based on political devolution and decentralisation of functions and finances within the framework of a unitary state. The Local Government Reform Policy Paper (URT 1998) puts forward the overall objective of the Decentralisation by Devolution as to making local governments effective centres of self-governance, participation, local decision-making, planning and development. The Policy Paper sets out the policy on decentralisation by devolution (D-by-D), which is expected to contribute to the national drive to reduce poverty by improving service delivery in key areas such as health and education.

Advantages of Decentralisation

There are many potential benefits of decentralisation. The majority of these advantages can be broadly captured as improved efficiency, governance, equality, development and poverty reduction (Smoke 2003).

- i) **Improved efficiency:** sub-national governments are said to be closer to the people, have good access to local information and understand the local context well. If so, they can better identify the mix and level of services that their constituents need than the higher-levels, thus improving allocative efficiency.
- ii) **Improved governance:** decentralised government are able to influence public affairs in ways that directly affect them and empowers people, giving them a sense of control and autonomy.
- iii) **Improved equity:** local governments are familiar with local circumstances, they are thus in a better position to more equitably distribute public resources and target poverty within their own jurisdictions.
- iv) **Improved development and poverty reduction:** local governments are expected to contribute to local economic development in a number of ways. First, they can provide services that serve as production and distribution inputs for local firms and entrepreneurs. Second, they can contribute to a legal and institutional environment that is conducive for development. Third, they

can help to coordinate key local public, private and community actors in creating partnerships that promote development.

Disadvantages of Decentralisation

The following arguments may also be put forward against decentralization (Vries 2000):

- i) *Equality problems*: Threatens the principle of equality before the law in equal circumstances. For example, citizens in one community may be required to conform to different environmental standards or tax levels in the local community while not similarly restricted in a neighbouring community.
- ii) *Competition problems*: Puts cities, departments and regions against each other as they attempt to attract profitable business and affluent tax payers to their areas.
- iii) *Management capacity problems*: Small communities are unable and unequipped to handle such inherently complex problems associated with decentralisation and may not attract qualified and skilled staff.
- iv) *Challenge of coordination* between local governments and central government (sector) ministries, departments and agencies.

Importance of Procurement Planning in Local Government Authorities

Local government authorities in Tanzania have been established as key public service delivery centres. The reform under the Public Procurement Act of 2004 (URT 2004) and subsequent enactment of the Public Procurement Act 2011 (URT 2011) restructured procurement to decentralised Procuring Entities (PE) including the LGAs. Procurement enables LGAs to acquire the required goods, services and construction works needed to fulfil their objectives.

In executing their procurement functions, officials in Local Government Authorities (LGA) need to be skilled in many areas, which are not specifically related to their core specialisation, one of them is Procurement Planning. Lack of adequate skills in this area has been undermining the performance of local government in Tanzania.

In this module we will discuss issues relating to Procurement Planning, which is the first stage of the procurement process. The training will include Salient Features of Procurement Planning; Procurement Cycle & Planning; Strategy of Procurement Planning; Preparing Detailed Procurement Plan Schedules; and Key Performance Indicators (KPI) for Procurement Planning audit and Annual Procurement Plan reports.

I.2 Target Participants

The Module is intended for use by Accounting Officers, Heads and staff of User Departments, Procurement Officers and Internal Auditors in Local Government Authorities.

I.3 Training Outcomes

Upon successful completion of this training module, the participants will be able to:

1. Prepare the Procurement Plan in accordance with legal provisions;
2. Identify key aspects of the Procurement Plan in accordance with PPA 2011 and its Regulations;
3. Discuss principles of categorization of procurement items in the Medium-Terms Expenditure Framework (MTEF);
4. Link outputs of Procurement Plan with MTEF activities, inputs and targets to achieve broad Council objectives;
5. Compare delivery and completion time scales in Procurement Plan schedules with action plans in the MTEF;
6. Integrate procurement budget with council expenditure programme;
7. Develop Strategic Procurement Plans, Procurement schedules and procurement implementation Plans;
8. Conduct a SWOT analysis and identify risk associated with Procurement Plan; Identify areas of Procurement Planning audit in compliance with regulations and ensure best value for money in procurement.
9. Implement changes at the work place and sharing of learning with colleagues to enhance procurement planning.

The legal framework for Procurement Planning includes:

- Public Procurement Act No. 07 of 2011 as amended 2016;
 - Public Procurement Regulation GN 446 of 2013;
 - Local Government Finance Act (Cap 290) of 1982; and
 - LGAs TB Establishment and Proceedings GN 330 of 2014).
- Learners are advised to regularly check the PPRA website for any updates, new forms as well as guides and instructions issued by the Authority on how to use the most current procurement legislation including the amendments of 2016.

I.4 Outline and Duration of the Module

The module is designed to be completed in five days comprising five sessions with a total of 12 units. When all the units are taken consecutively, the module should be

completed within four days. References are listed at the end of the module as well as an extensive list of annexes. Table 1 provides the outline of the Training Module.

Table 1. Outline of Training Module

Session	Unit	Topics
Opening and Start-Up	I. Module Descriptors	<ul style="list-style-type: none"> ▪ Participants' expectations ▪ Organisation matters ▪ Background to decentralisation and public procurement ▪ Module objectives ▪ Definition of key terms
1. Salient Features of Procurement Planning	1.1 Interpretation of the Legal Framework	<ul style="list-style-type: none"> ▪ Public Procurement Act, 2011 and Regulations GN 446 Of 2013 ▪ Local Government Authorities' Tender Board (Establishment and Proceedings) Regulations GN 330 of 2014 ▪ Local Government Finance Act, 1982
	1.2 Roles and Responsibilities of LGA Job Families	<ul style="list-style-type: none"> ▪ Duties and roles in Procurement Planning process
2. Procurement Cycle and Planning	2.1 Identification of procurement needs and description of inputs	<ul style="list-style-type: none"> ▪ Identification of requirement ▪ Description of inputs
	2.2 Procurement cycle and review of previous plan	<ul style="list-style-type: none"> ▪ The procurement cycle ▪ Review of previous Procurement Plan
3. Strategy of Procurement Planning	3.1 Procurement situation analysis	<ul style="list-style-type: none"> ▪ Demand analysis ▪ Market analysis ▪ Supplier analysis
	3.2 Categorizing procurement Requirements	<ul style="list-style-type: none"> ▪ Main category of procurement ▪ Categorization process
	3.3 Aggregating Requirements and Packaging of Procurement Contracts	<ul style="list-style-type: none"> ▪ Aggregating requirements ▪ Packaging of procurement contracts
	3.4 Options for Procurement Methods	<ul style="list-style-type: none"> ▪ Influences on Procurement Methods ▪ Various methods of procurement
4. Preparing Detailed Procurement Plan Schedules	4.1 Sorting out Packages and Preparation of List of Goods, Works and Services	<ul style="list-style-type: none"> ▪ Preparation of List of Goods, works and Services (LOGWS)

Session	Unit	Topics
	4.2 Filling of Procurement Schedule and Submission of Annual Procurement Plan	<ul style="list-style-type: none"> ▪ Filling of procurement schedule ▪ Approval process ▪ Submission of APP to relevant Authorities
5. Key Performance Indicators for Procurement Planning and Annual Procurement Plan Report	5.1 Procurement Plan Performance Indicators	<ul style="list-style-type: none"> ▪ Compliance and Performance Indicators for Annual Procurement Plan ▪ Procurement Plan auditing areas
	5.2 Annual Procurement Plan Reports	<ul style="list-style-type: none"> ▪ Format of APP report ▪ APP report submission requirements
Course Evaluation		<ul style="list-style-type: none"> ▪ Training evaluation ▪ Qualitative evaluation exercise

- Procedures for Procurement Planning at sub-Council level (i.e. Lower Local Government Authorities and Service Delivery Units) will be addressed in a guideline, which is being developed.
- Interested LGAs can in the meantime consult with the Local Government Training Institute, who have developed a specific training module (in Swahili) on Procurement Planning at sub-Council level; this module has been roll-out to selected Lower Local Governments of 25 Councils in 2016.

I.5 Definitions of Key Terms

Below is a synopsis of common terms used in this training module:

“common use items and services” means goods, works and services that are required continuously or repeatedly over a set period of time and are common to more than one Procuring Entity and are subject to common procurement;

“consultancy services” means activities of an intellectual and advisory nature that do not lead to a measurable physical output and includes design, supervision, training, advisory, auditing, software development and similar services;

“disposal” means the divestiture of public assets including intellectual and proprietary rights and goodwill, and any other rights of a procuring and disposing entity by any means, including sale, hire - purchase, licences, tenancies, rental, lease, franchise, auction or any combination however classified other than those regulated by the Public Corporation Act;

“emergency procurement” means procurement of goods, works or services essentially to meet an emergency situation which cannot be done through normal procurement process; *(it should be noted emergency procurement is different from urgent procurement)*;

“framework agreement” means a contractual arrangement which allows a Procuring Entity to procure goods, services or works that are needed continuously or repeatedly at an agreed price over an agreed period of time, through placement of a number of riders; where **“open framework agreement”** means an agreement containing specified terms and conditions but does not contain agreed price.”

“goods” means raw materials, products, equipment and other physical objects of every kind and description, whether in solid, liquid or gaseous form, electricity, intangible asset and intellectual property, as well as services incidental to the supply of the goods provided that the value of the services does not exceed the value of the goods themselves;

“micro procurement” means acquisition of standard and low value goods or services of the aggregate amount of which does not exceed the micro procurement threshold specified in these Regulations;

“minor value procurement” means an amount of money up to a maximum limit for the procurement of goods, works or consultancy of a minor nature;

“non-consultancy services” means any object of procurement other than goods, works and consultancy services;

“operating costs” means expenditures incurred by Procuring Entity which are not handled by Procurement Management Unit and does not require bidding document;

“packaging” means arranging the procurement categories into tenders and tender lots in accordance with situational analysis;

“subvention” means amount of funds which are received and transferred to another centre which is the actual implementing unit of the procurement;

“SWOT” means a tool used for strategic analysis of public and private organisations in terms of their Strengths, Weaknesses, Opportunities and Threats for better planning decisions;

“training category” means long term training offered in colleges or institutes of which its curriculum is specific and does not require procurement procedures.

“works” means -

- (a) all works associated with the construction, reconstruction, demolition, repair or renovation of a building, structure, road or airfield;
- (b) any other civil works, such as site preparation, excavation erection, building, installation of equipment or materials, decoration and finishing; and
- (c) service which is tendered and contracted on the basis of performance of a measurable physical output such as drilling, mapping, satellite photography or seismic investigations:

Provided that, contracts which include the provision of works and services shall be regarded as works contracts if the total value of the works is greater than the value of the services covered by the contract.

“workshop category” means training which are conducted internally without employing Consultants.

SESSION 1: SALIENT FEATURES OF PROCUREMENT PLANNING

Session one provides a general introduction to the training module and Procurement Planning. The session is divided in two units as follows:

- Unit 1.1 Interpretation of the Legal Framework; and
- Unit 1.2 Roles and Responsibilities of Job Families in Procurement Planning

By the end of this session the participants will be able to:

1. Understand the basic concepts and terms applicable to Procurement Planning in Local Government Authorities;
2. Explain the legal provisions in respect to preparation of the Procurement Plan; and
3. Explain roles and responsibilities of various LGA job families in preparation of the Procurement Plan.

Unit 1.1: Interpretation of the Legal Framework

1.1.1 Unit Objectives

By the end of the unit, the participants will be able to:

1. Interpret various sections in the Public Procurement Act (PPA) and its Regulations concerning the preparation of Procurement Plan;
2. Identify and explain relevant salient features of the PPA and its Regulations; and
3. Make procurement decisions in line with the PPA and its Regulations.

1.1.2 Requirements under the Public Procurement Act

There are several provisions in the PPA, 2011 as amended 2016 which refer the importance and necessity of preparation of the Procurement Plan, to mention:

- a) According to Section 48 (1), notwithstanding anything to the contrary contained in any written law, where any expenditure is to be incurred on any procurement of goods, works or services, it shall be the duty of:
 - The Accounting Officer designated as such under the Public Finance Act (Cap 348);
 - The Accounting Officer designated as such under the Local Government Finances Act;(Cap 290); or

- In respect of any other public body, the chief executive officer of that public body to ensure that the procurement of goods, works or services is in accordance with the procedures prescribed under PPA and its Regulations.
- b) Pursuant to Section 49.-(1), a Procuring Entity shall prepare its Annual Procurement Plan in a rational manner and in particular shall:
- Avoid emergency procurement wherever possible;
 - Aggregate its requirements wherever possible, both within the Procuring Entity and between procuring entities, to obtain value for money and reduce procurement costs;
 - Avoid splitting of procurement to defeat the use of appropriate procurement methods unless such splitting is to enable wider participation of local consultants, suppliers or contractors in which case the authority shall determine such an undertaking; and
 - Integrate its procurement budget with its expenditure programme.
- c) Section 49.-(2) provides that the Annual Procurement Plan shall be approved by an appropriate budget approving authority and Section 49.-(3) provides that the Procuring Entity shall observe the approved Annual Procurement Plan and any unplanned procurement shall get a prior written approval of the Accounting Officer.

1.1.3 Requirements of the Public Procurement Regulations

There are several provisions in the Procurement Regulations GN No. 446 of 2013 which states how the preparation of the Procurement Plan in the Procuring Entity is done, including:

- a) **According to Regulation 68 (1)**, planning for implementation shall involve preparation of a project work plan and identifying the resources necessary to carry out the various project activities;

Regulation 68 (2) provides that proper planning of procurement of recurrent items shall be based on an adequate stock control system; further

Regulation 68 (3) provides that the timescale for each procurement shall be calculated on the basis of the standard processing times prescribed in the Eighth and Twelfth Schedules to these regulations, allowing any necessary margin for delays in transmission of documents or clarification of tenders or proposals; and

Regulation 68 (4) provides that Subject to sub-regulation (3) the commencing dates and critical points in the procurement process shall be set out in the Procurement Plans.

- b) Pursuant to Regulation 69 (1)**, Procurement Planning shall commence at the design stage during the identification and preparation stages of the project cycle;

Regulation 69 (2) provides that a Procuring Entity shall take a strategic decision whether or not the most economic and efficient procurement can best be achieved by separating contracts for each component;

Regulation 69 (3) provides that a Procuring Entity shall forecast its requirements for goods, services and works as accurately as is practicable with particular reference to services or activities already programmed in the annual work plan and included in the annual estimates;

Regulation 69 (4) provides that subject to sub regulation (3) the forecasts shall include an estimate of the optimum time to the nearest month of performance and completion of services; further,

Regulation 69 (5) provides that the estimate of such requirements shall be compared with the likely availability of voted or donor funds so that priorities for procurement may be determined in accordance with available funds;

Regulation 69 (6) provides that the Procuring Entity shall prepare its estimates based on prevailing market prices as provided by the Authority and updated from time to time;

Regulation 69 (7) provides that a Procuring Entity shall draw up Procurement Plans for those requirements for which sufficient funds have been included in the approved budget in the current financial year or if payment will be due in subsequent financial year, such payment have been budgeted for.

- c) According to Regulation 69 (8)**, in compiling such plans, a Procuring Entity shall establish the appropriate method of procurement to be employed for each requirement;

Regulation 69 (9) provides that approval of the Accounting Officer shall be obtained either by inclusion of that procurement in a Procurement Plan or by

request as an individual item of procurement when not included in the Procurement Plan.

- d) **Pursuant to Regulation 70**, a Procuring Entity shall prepare its Annual Procurement Plan as part of budget process and submit the plan to the Authority within fourteen days after the completion of the budget process.
- e) **Regulation 71(1)** provides that in considering how a project may be carried out, account shall be taken of the advantage, for economic and technical reasons, of dividing the project into homogeneous lots or packages which are as large as possible;

Regulation 71(2) provides that where procurement is divided into packages, the size of the package should be appropriate so as to foster maximum competition and obtaining the most economic contract;

Regulation 71(3) provides that where similar items of equipment are to be procured for several sub-components in a project or for several projects, it may be convenient to combine them all into one procurement package in order to achieve economies of scale; further

Regulation 71(4) provides that where a project is divided into lots or packages, the instructions to tenderers shall state:

- Number of lots or packages;
- Nature, location and size of each lot; and
- Where appropriate, the minimum and maximum number of lots or packages for which a tenderer may tender.

Regulation 71(5) provides the procedure for submitting a tender for package which shall be as follows:

- Tenderer may submit a tender for each lot or package; unless the instructions to tenderers provide otherwise, a tenderer may include, in his tender, the overall rebate he would grant in the event of amalgamation of some or all of the lots or packages for which he has submitted individual tenders;
- Unless the instructions to tenderers state that lots or packages apportioned to the same tenderer shall form a single contract, each lot shall form a separate contract;
- Where lots or packages are to be apportioned to different tenderers, the invitation to tender document or the instructions to tenderers may provide

that the tenderer for a particular lot or packages shall ensure the coordination of the execution of all the lots or packages and **Regulation 71(6)** provides that for purposes of maximising participation in such tenders, tenderers may be permitted to submit tender in separate lots but required to tender for all items in a lot, or individual contracts or a combination of contracts for works or services.

f) Regulation 72 emphasizes aggregation of requirements:

According to **Regulation 72(1)**, for purposes of maximizing economy and efficiency in its procurement or disposal process, a Procuring Entity may group goods, works or services of a broadly, similar or related nature, or pool assets for purposes of common disposal into a single tender or number of tenders of a size and type that may be likely to attract a reasonable number of tenderers if such grouping is practicable and may not cause unreasonable delay in the procurement or disposal process;

Regulation 72(2) provides that where several services to be procured require coordination or collective responsibility of the consultants, a Procuring Entity shall group these services and seek to employ a single consultant for the performance of those services;

Regulation 72(3) states that the requirements to be debited to different vote sub-heads shall only be combined into one tender if all costs of the procurement can be easily identified and separately debited;

Regulation 72(4) provides that the tenders or proposals under sub-regulation (3) shall be received and opened by the same deadline and evaluated simultaneously with a view to determine the tender or proposal or combination of tenders or proposals that offers the lowest evaluated cost, or the highest evaluated price; and

Regulation 72(5) stipulates that assets to be disposed of shall be grouped into contracts or lots in a manner that attracts maximum possible competition.

g) Regulation 73 prohibits splitting of tenders or contracts:

According to Regulation 73(1): A Procuring Entity shall not divide its procurement into separate contracts for the purpose of avoiding international or national competitive tendering or selection;

Regulation 73(2): The Accounting Officer of a Procuring Entity proved to have divided its procurement in contravention of sub-regulation (1) shall be personally liable in accordance with Section 104 of PPA, 2011; and

Regulation 73(3): Notwithstanding the provisions of sub-regulations (1) and (2), a Procuring Entity shall be allowed, with prior approval of the Authority, to split contracts to enable participation of local firms or persons.

h) Regulation 74 provides for the establishment of the contract period:

Regulation 74(1) states that the contract period allowed shall be a realistic assessment of the time in which a reasonable tenderer could be expected to complete delivery of the goods, complete the works, or complete providing the services, having regard to the desired completion date and the locality;

Regulation 74(2) stipulates that where the circumstances dictate a shorter than desirable contract period, the prospective tenderers shall be notified of this requirement in the documents;

Regulation 74(3) deals with particular types of contracts and particular weather conditions, sufficient time shall be allowed for seasonal changes; and

Regulation 74(4) stipulates that where, after the preparation of tender or proposal documents, there is delay for any reason in inviting tenders or proposals, the contract period allowed for completion shall be reviewed immediately prior to invitation for tenders or proposals.

i) Regulation 75 stipulates commitment of funds as follows:

Regulation 75(1): Procuring entities shall ensure that funds are allocated or committed before commencing procurement proceedings;

Regulation 75(2): Notwithstanding the provision of sub-regulation (1), the Procuring Entity may commence procurement proceedings for scheduled or routine activities if the Procuring Entity is certain of funds availability in its budget for such activities; and

Regulation 75(3): Where the contract extends over several years, an allocation of funds may be issued annually so that the total amount issued does not exceed the contract price plus a percentage for price and physical

contingencies, unless specific approvals are obtained for additional work and cost price increase.

j) Regulation 76 stipulates the selection of a method of procurement:

Except as otherwise provided for by these Regulations, a Procuring Entity engaging in procurement of goods, works, services, non-consultant services or public private partnership, and disposal of public assets by tender shall do so by means of competitive tendering.

1.1.4 Requirements under Local Government Authorities' Tender Board Regulations

There are several provisions in the Local Government Authorities' Tender Board (Establishment and Proceedings) Regulations GN No. 330 of 2014 on the preparation of the Procurement Plan in the LGAs, including:

- a) Pursuant to Regulation 2 of GN 330 of 2014**, the Regulations shall apply to all Local Government Authorities established under the provisions of Section 5 of Local Government (Council Authorities) Act and the provisions of Section 5 of the Local Government (Urban Authorities) in respect of:
 - Procurement of goods, works, non-consultancy services and disposal of public assets by tender; and
 - Selection and employment of consultancy services.
- b) Pursuant to Regulation 17(a) of GN 330 of 2014**, the Finance Committee shall be responsible to review and approve the Annual Procurement Plan based on the Council Plan and Budget.
- c) Pursuant to Regulation 22 (1) (d) of GN 330 of 2014**, the Accounting Officer shall have the overall responsibility to causing to be prepared a Procurement Plan for the Council based on its Annual Plan and Budget and submitting the plan to the Financial Committee for approval.
- d) Pursuant to Regulation 25 (f) of GN 330 of 2014**, the Procurement Management Unit shall plan the procurement and disposal of assets by tender activities of the Council, through the preparation of an Annual Procurement Plan based on the Council's Plan and Budget.
- e) Pursuant to Regulation 26 (2) of GN 330 of 2014**, the User Department shall submit to the Procurement Management Unit their annual procurement

requirements based on the approved budget, which shall be included in Procurement Plan and implemented accordingly.

Exercises

Review each of the statements of table 2. Use the Public Procurement Act No. 7 of 2011 as amended 2016 and its Regulations GN no. 446 of 2013 and Local Government Authorities' Tender Board (Establishment and Proceedings) Regulations GN 330 of 2014 to determine whether each statement is true or false and identify sections of the Act and Regulations, which can be applied to comply with the law.

Table 2 True – False Statements

Statement	True	False	PPA/PPR Sect/Reg
1. The Finance Committee shall, in respect of procurement, be responsible for reviewing and approving of Annual Procurement Plan based on based on the Council Plan and Budget.			
2. AO shall be responsible for submitting to the Authority a details of contracts awarded, Annual Procurement Plan and emphases on the use of PMIS and e-procurements.			
3. Accounting Officer shall prepare and submit to the management meeting quarterly reports on the implementation of the Annual Procurement Plan.			
4. The User Department shall prepare a schedule of requirements for procurement as part of the budget process, which shall be submitted to the Procurement Management Unit for compilation of Annual Procurement Plan.			
5. Splitting of procurement to defeat the use of appropriate procurement method may lead to institution of criminal proceedings under the Corruption Act, unless authorized by the PPRA.			
6. The Procuring Entity shall observe the approved Annual Procurement Plan and any unplanned procurement shall get a prior written approval of the Accounting Officer.			
7. Procuring entities shall submit to the Authority Annual Procurement Plans not later than fourteen days after their approval by appropriate budget approving authorities.			
8. Procuring entities shall submit to the Authority annual procurement implementation reports within thirty days after the end of the respective financial year.			
9. The Budget Approving Authority (BAA) in Local Government Authorities is Finance Committee.			
10. A Procuring Entity intending to procure goods, works or services shall prepare its general procurement notice based on its Annual Procurement Plan and submit it together with its summary to the Authority for publication in the Journal and Tenders' Portal.			

Unit 1.2: Roles and Responsibilities of Job Families in Procurement Planning

1.2.1 Unit Objectives

By the end of the unit, the participants will be able to:

1. Identifying the roles and responsibilities of various Job Family (ies) in LGA Procurement Planning.

Exercises

Discuss and agree in your group on the roles and responsibilities in Procurement Planning as per below schedule.

Each group should nominate one member to present to the plenary the decisions of the group.

Roles and Responsibilities in Procurement Planning

Task	Who Realises?	Who Authorises?	Who Contributes?	Who are Involved?
Identification of Needs				
Preparation of APP				
Approval of APP				
Submission of APP Report to PPRA				

Key:

HPMU:	Head of Procurement Management Unit
CTB:	Council Tender Board
CFC:	Council Finance Committee
HoD:	Head of Department
AO:	Accounting Officer
PMIS:	Procurement Management Information Systems
CMT:	Council Management Team
ICT:	Information Communication Technology

SESSION 2: PROCUREMENT CYCLE AND PLANNING

Session two gives an introduction to the procurement cycle in relation to Procurement Planning. The session is divided in two units as follows:

- Unit 2.1: Identification of procurement needs and description of inputs; and
- Unit 2.2: Procurement cycle and review of previous plan.

By the end of this Session the participants will be able to:

1. Identify and describe procurement requirements in accordance with their action plans;
2. Explain the Procurement Cycle; and
3. Conduct a SWOT analysis through review of previous Procurement Plan.

Unit 2.1: Identification of Procurement Needs and Description of Inputs

2.1.1 Unit Objectives

By the end of the unit, the participants will be able to:

1. Identify procurement needs and properly describe procurement requirements.

The procurement cycle starts with the identification of procurement needs. Each department and unit within the Council identifies the required goods, services and works.

Exercises

Discuss the procurement requirements of departments and units in accordance with the action plans provided in the Council's budget with reference to the case study of Annex 1.

Unit 2.2: Procurement Cycle and Review of Previous Procurement Plan

2.2.1 Unit Objectives

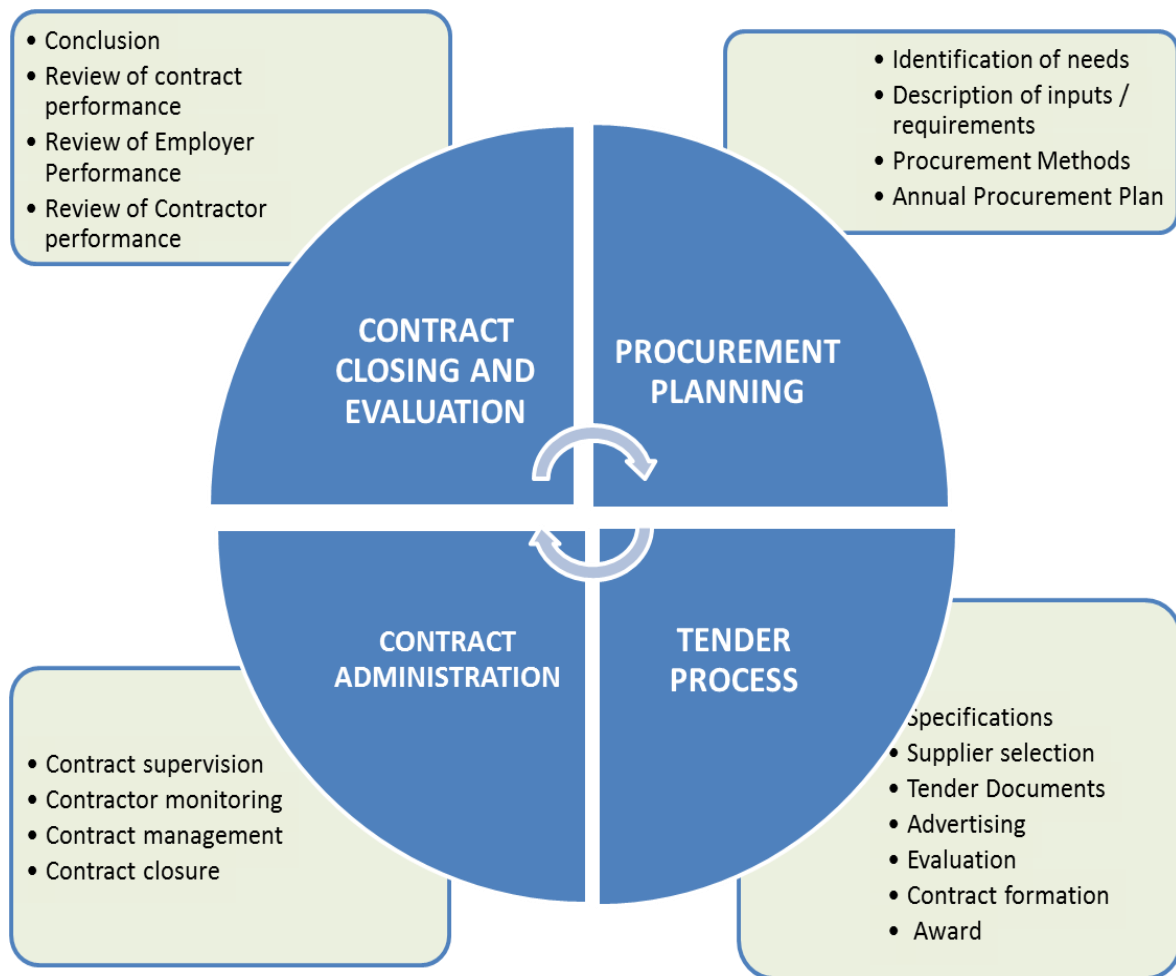
By the end of the unit, the participants will be able to:

1. Explain the key stages and components of the procurement cycle; and
2. Review of previous Procurement Plan and evaluate its implementation.

2.2.1 Procurement Cycle

A procurement cycle is the repeating sequence of steps in the procurement process, generally starting at the initial planning phase and ending at possession of the goods, works or delivery of services. Steps and timing vary by situation and procurement method. Figure 1 illustrates the common procurement cycle applicable to Local Government Authorities.

Figure 1: Procurement Cycle



2.2.2 Procurement Planning

Procurement Planning is defined as the process of determining what is needed, how much is needed, where, how and when needed. It is a description of the works, goods, services and disposal of public assets by tender that will be acquired by a Council, when and how they will be acquired or disposed, and from which source. Councils must plan their procurements each year. The Procurement Plans are

approved by the Finance Committee and the Full Council together with the budget estimates.

Exercises

Discuss the following questions as a group:

- Do you have Procurement Plans in your Council? If yes, what do they contain?
- Why is it necessary to plan for your procurement requirements?
- What information do we need in order to accurately forecast our procurement requirements?

The expected output of procurement planning includes:

- Provisional timeline for each procurement requirement;
- Detailed plan and schedule for procurement of multiple products or contract groupings; and
- Basic tool for managing and monitoring procurement of multiple products or contract groupings.

The common, main challenges of Procurement Planning are:

- Determining how long each step in the procurement cycle is likely to take;
- Recognizing and working around potential internal constraints and external conditions;
- Coordinating the procurement schedule with funds-release dates; and
- Coordinating delivery dates with stores / warehouse capacity and inventory requirements.

Exercises

Group Work:

Exercise Four: identifying the weaknesses in the previous Procurement Plan of your Council.

Each group should identify the weaknesses and the group presenter will make a presentation to a plenary.

SESSION 3: STRATEGY OF PROCUREMENT PLANNING

Session three gives a detailed introduction to the strategy of Procurement Planning. The session is divided in four units as follows:

- Unit 3.1: Procurement Situation Analysis;
- Unit 3.2: Categorizing Procurement Requirements;
- Unit 3.3: Aggregating Requirements and Packaging of Contracts; and
- Unit 3.4: Options for Procurement Methods.

By the end of the Session, the participants will be able to:

1. Conduct a procurement situation analysis;
2. Prepare categories of procurement requirements;
3. Aggregate procurement requirements and packaging of procurement contracts; and
4. Select options for procurement methods.

Unit 3.1: Procurement Situation Analysis

3.1.1 Unit Objectives

By the end of the unit, participants will be able to:

1. Define the Council requirements for adequate management of the procurement function;
2. Prioritize procurement activities of the Council; and
3. Define measures to mitigate procurement risks.

3.1.2 Procurement Situation Analysis

Procurement situation analysis is the process of the Council to analyse its procurement requirements as demanded, analyse the supply market for acquisition of those procurement requirements, making analysis of capabilities of identified Suppliers, Contractors and Service providers in the market and assessing the risks involved in acquisition of procurement requirements.

This process involves the analysis of the LGA procurement requirements as detailed in the Medium Term Expenditure Framework (MTEF). The objective of the analysis is to ensure that there is a common understanding of the procurement requirements that will assist in implementing the specific activities included in the MTEF. It is

envisaged that through this analysis, all relevant categories of the procurement are included to achieve the objectives, which are identified in the MTEF.

The PMU will use the MTEF to establish in collaboration with User Departments the categories of procurement. Particular reference is made to **Regulation 2013**, which states that “a Procuring Entity must forecast its requirements for goods, services and works as accurately as is practicable with particular reference to activities already programmed in its annual work plan and included in its annual estimates”.

The inputs of the activities listed in the MTEF are linked with their objectives and targets to ascertain procurement categories. This is done in accordance with definitions and relevant sections of the Public Procurement Act 2011 as amended 2016 and its Regulations.

There are three steps in carrying out procurement situation analysis:

- ❑ **Demand analysis**
- ❑ **Market analysis**
- ❑ **Supplier analysis**

3.1.3 Demand Analysis

Demand analysis is concerned with redefining the actual requirements of the individual User Departments and Units of the Council. This will assist in categorizing the procurement in the next phase to formulate the strategy of Procurement Planning. This is done by clarifying the objectives and the activities to confirm whether demand should be met through contracting for goods, works or services.

After redefining the requirements, the next step will be to analyse the required goods, works and services according to the criticality, values and perishability. This will be done using the 80-20 phenomenon, which holds in most organizations.

Pareto Principle

The Pareto principle (also known as the 80/20 rule, the law of the vital few, or the principle of factor sparsity) states that, for many events, roughly 80% of the effects come from 20% of the causes. It is a common rule of thumb in business; e.g., "80% of your procurements come from 20% of your suppliers.

For obvious reasons, it is particularly important that plans for the top 20% or 50% of the procurement requirements (materials) of the Council to be developed by using a careful and detailed analysis.

The 80% of the materials that account for approximately 20% of the firm's expenditures are grouped by general classifications and a plan is made for each group of similar items. These normally fall under operating costs and procurements using shopping methods where the thresholds so allows.

3.1.4 Market Analysis

The PMU should ascertain the state of the market for the LGA's procurement requirements and inform the Council Management Team / Heads of Departments. The market may be competitive or monopolistic, or it may be suspected that the market is controlled by few players. This information will assist in planning the procurement. Market research may be conducted using a variety of sources:

- PMU Data Base of previous Suppliers, Contractors or Service Providers;
- Contractors Registration Board (CRB);
- Supplier base of the Government Procurement Services Agency (GPSA).

One output of market research is the determination of likely costs and the relation of those costs to the budget.

3.1.5 Supply Market Research

The objectives of supply market research include:

- Supporting the creation of annual and individual Procurement Plans and strategies through an understanding of how markets operate;
- Clarifying where the leverage points and opportunities exist in the marketplace;
- Visualising and understanding the marketplace from the economic operators' perspective; and
- Influencing economic operators through a better understanding of their playing field, strengths, weaknesses and opportunities.

Supplier Analysis

The PMU should make an analysis of the availability of suppliers in the market, whether they are available locally, in the region, nationally or internationally. Further, they should assess their own Council in terms of how the suppliers perceive them and their willingness to provide services to the LGA.

A general review of other potential suppliers, contractors and service providers in addition to current suppliers is done to determine whether any particularly attractive possibilities should subsequently be investigated more closely.

Risk Assessment

Risk assessment is a process to identify potential hazards and analyse what could happen if a hazard occurs. The aim of the risk assessment process is to remove a hazard or reduce the level of its risk by adding precautions or control measures, as necessary.

Risk Mitigation

Risk mitigation is defined as taking steps to reduce adverse effects. It is a systematic reduction in the extent of exposure to a risk and/or the likelihood of its occurrence? The risk mitigation may be approached through four strategies:

- i) **Risk Avoidance:** is the action that avoids any exposure to the risk whatsoever. Risk avoidance is usually the most expensive of all risk mitigation options and is the opposite of risk acceptance;
- ii) **Risk Acceptance:** does not reduce any effects however, it is still considered a strategy. This strategy is a common option when the cost of other risk management options such as avoidance or limitation may outweigh the cost of the risk itself;
- iii) **Risk Limitation:** is the most common risk management strategy used by businesses. This strategy limits a company's exposure by taking some action. It is a strategy employing a bit of risk acceptance along with a bit of risk avoidance or an average of both; or
- iv) **Risk Transference:** is the involvement of handing risk off to a willing third party. This can be beneficial for a company if a transferred risk is not a core competency of that company. It can also be used so a company can focus more on their core competencies.

Exercises

Consider Case Study (Annex 1): based on your Council MTEF carry out a situation analysis and prioritization of council procurement activities. Each group should practice:

- Situation analysis;
- Analysing demand, supply and market analysis;

- Assess risks involved in achieving the procurement requirements objective; and
- Analyse risk mitigation measures applied in the Council.

The group presenter will make a presentation to a plenary.

3.1.6 Strategy of Procurement Planning

The strategy of Procurement Planning should take the following aspects into consideration:

- Requirements of the procurement regulations to obtain guidance of the Aggregation and categories of procurements;
- Relevant regulations for the choice of different, applicable methods of procurement (consultants, goods and works);
- Nature of product to be procured;
- Cost of individual procurement proposals in determining procurement options and selecting the strategy;
- Time frame for procurement activities.

The general approach is to develop the most economic and efficient procurement strategy, including an assessment, in each case, whether this can be achieved by:

- a) Separating contracts from each component,
- b) Awarding a single responsibility contract for groups of contracts (or items), or
- c) Awarding a turnkey contract for the entire project.

There are four main steps in formulating a strategy of Procurement Planning, which are further introduced in the next unit(s) of this session.

- Step I: Categorizing Procurement Requirements.
- Step II: Aggregating Requirements.
- Step III: Packaging of Procurement Contracts.
- Step IV: Options for Procurement Methods.

Unit 3.2: Categorizing Procurement Requirements

3.2.1 Unit Objectives

By the end of the unit, the participants will be able to:

1. Categorize procurement requirements of the Council.

3.2.2 Categories of Procurement

The conventional categories of procurement include goods, works, non-consultant services and consultant services:

- **Works:** Construction, design, rehabilitation, maintenance and repair of buildings, bridges, roads, etc.;
- **Goods:** Goods such as materials, drugs, foodstuffs, vehicles, plant, etc;
- **Non-Consultancy Services:** cleaning services, revenue collection, security services and repair services, catering services, etc; and
- **Consultancy Services:** studies for designs and provision of technical assistance, training, engineering design and supervision.

Others procurement categories may include workshops, seminars, operating costs, etc.

Categorization must take into consideration the objectives, target and inputs to the activities of the annual work plan for all departments, unit and project components. These should be discussed and agreed upon between the Procurement Management Unit and User Departments.

3.2.3 Categorizing Procurement Requirements

From the demand analysis of each department, unit (or project component), the procurement categories are identified through guidance and interpretations of relevant sections of the Public Procurement Regulations in respect of definition of goods, works and services. This will enable the grouping of requirements of departments and units of the Council in various categories of procurement.

Example of Procurement Categorization

A head of department might include in the annual work plans the cost for minor works for 1) repair of door locks indicating the need to procure and fix locks for 100 doors at cost Tsh. 2,000,000 and 2) repair of toilets to replace the lids and flash-buoyant at cost of Tsh. 5,000,000 .

There may be two or more options for categorizing these requirements. The categories may either be contracts for goods or works depending on the definition

of works and goods according to the Act. Clear analysis should be carried out with the User Department to clarify on the cost elements of the work to be done indicating the total cost of goods and the total cost of labour or works.

For example if the cost of door locks is Tshs.1,500,000 and the cost of toilet lids and flash-buoyant is Tshs.1,000,000, then the total cost of labour or works will be Tshs.4,500,000.

- The interpretation for works under the PPR 2013 specifies in part that, if the total value of works is greater than the value of service covered shall be regarded as works. With this respect the services can be contracted as a works contract.

If the cost of toilet lids and flash-buoyant is Tsh.4, 000,000, then the contract should be goods and related services. In addition, if the organisation has the capacity to supervise this in-house then force account procurement method would be applied. The procurement could be contracted for goods only if the organisation has technicians to fix and renovate the toilets.

The categorising of disposal of public assets by tender may also be done and incorporated in the Procurement Plan showing the category of disposed item.

- Categorization must take into consideration the objectives, target and inputs to the activities of the annual work plan for all departments and units (or project components). These should be discussed and agreed upon between the Procurement Management Unit and User Departments or heads of project components.

Exercises

Based on the MTEF of the case study (Annex 1) and the situation analysis you have done, categorize procurement requirements to identify the categories of procurement for the Council.

Unit 3.3: Aggregating Requirements and Packaging of Contracts

3.3.1 Unit Objectives

By the end of the unit, the participants will be able to:

1. Aggregate procurement requirements; and
2. Packaging of Procurement Contracts.

3.3.2 Packaging of Procurement Contracts for Goods and Works

After categorising the requirements the next phase is formulating the strategy of the Procurement Plan is to group goods, works or services of broadly similar nature based on the market and suppliers analyses, which was done under the previous phase. Aggregation is done for the purpose of grouping contracts or tenders of a size and type that will be likely attract the most suppliers, contractors and service providers and will not cause unreasonable delay in the procurement process.

The aim of packaging of procurements contracts is making the bundle of the requirement to be advertised as 'attractive' to as wide a range of economic operators as possible. This is done in consideration for economy, efficiency and effectiveness.

The process will take into account the economic and technical reasons to divide the procurement requirements into homogeneous lots or packages, which are large enough to foster maximum competition to obtain the most economic contracts through national or international tenders.

Packaging requirements depend on similarities of items to be procured. The size of each package should be appropriate to obtain maximum possible competition from qualified bidders. The requirement is to get larger size of contract to facilitate international or national competitive bidding (ICB) and to get economies of scales.

You can create Lots within a single procurement proposal to:

- Reduce the number of procurement proposals, and
- Facilitate procurement of "grouped" items as a Lot.

Creating lots has the objective to include items of similar nature, which can likely be supplied by dealers (or manufacturers) specializing in such items. However, if the Council is in need of building materials and decided to procure as one package, there is a risk of suppliers quoting some items - which they do not sell - at a price higher than the market as they will buy from other specialising suppliers, which likely adds to the costs.

If large quantities of a single commodity are being procured, then packaging should take into consideration market practices for that item, transportation costs, ship unloading capabilities, storage capacities, inventory carrying costs, etc.

It is also advised to decide, for each individual case, if it is better to include “supply of materials” and “supply of equipment” within the scope of a works contract. Package separately the goods and works required to be delivered and/or constructed at different dates during the project implementation period.

➤ The law prohibits splitting of contracts (which is the opposite of packaging) with the view to avoid wider competition.

3.3.3 Packaging Options for Consultancy Services

Packaging need to be prepared according to nature and scope of the consultancy services assignment. The scope of the assignment should not be too large or too small and should be guided by the nature and capacity of the average consulting firm active in the relevant field.

For Consultants (where firms are to be hired) it is advisable to define the scope of work in such a way that payments are made for measurable outputs rather than a periodic payment and front loading. Monthly payments should be avoided without relation to outputs achieved. However, in the case of time-based contracts, this may be more difficult to achieve, but at least a part of the payments could be linked to measurable outputs to be delivered.

For Consultants (where individuals are to be hired), the payment method could be periodic payments based on satisfactory performance, and part of the payment could be linked to specific outputs and deliverables.

Exercises

From the categories of procurements identified in the case study (Annex 1), aggregate procurement requirements and prepare packages of procurement contracts. Each group should identify a presenter to make a presentation to a plenary.

Unit 3.4: Options for Procurement Methods

3.4.1 Unit Objectives

By the end of the unit, the participants will be able to:

1. List and select appropriate methods of procurement;
2. Identify the main influences on the procurement method used;
3. Apply the relevant procurement method for each procurement situation; and
4. Understand and explain the PPA provided procurement thresholds.

3.4.2 Procurement Methods and Conditions for Use

The selection of the procurement methods should be decided in accordance with the Public Procurement regulations in case of use of public funds (or the procurement regulations of the respective firm). However, the following basic principles should be taken into consideration:

1. Costs of each contract;
2. Urgency of the requirement;
3. Need for economy;
4. Efficiency and transparency requirements;
5. Competition and sources of supply; and
6. Any other constraints of procurement.

Questions for Discussion

Discuss the questions in pairs and then make a feedback to the group.

- What are the main types of procurement requirements usually procured in your Council and which procurement methods are commonly used?
- Provide the reasons for using these methods?

3.4.3 Procurement Processing Time

The 8th Schedule of the Public Procurement Regulations GN no 446 of 2013 provides **the** minimum procurement processing time for tenderers for goods, works and non-consultancy services. This is intended to give bidders adequate time to prepare their bids and shall not be reduced by PEs under any circumstances, except where a tender has been rejected provided that:

- During retendering there are no major changes which necessitate preparation of new tenders; and
- Same tenderers are invited, in which case the minimum processing time may be reduced by half.

Table 4 shows the time provided for invitation of tenders from bidders which is important to estimate the time required in the Procurement Plan.

Table 4: Minimum Time for Preparation and Submission of Prequalification Documents and Tenders

S/N	Method of procurement	Period (Calendar Days)
PREQUALIFICATION STAGE		
1	International competitive tendering	30
2	National competitive tendering	21
TENDERING STAGE		
3	National competitive tendering	21
4	International competitive tendering	30
5	Restricted national competitive tendering	21
6	National shopping	4
7	International shopping	8
8	Where large works are involved	90

The below sections introduce the various procurement methods as per Tanzanian procurement law, which include the following main methods:

- 1) Open Procurement Methods;
- 2) Methods involving Negotiations;
- 3) Method without Negotiations; and
- 4) Other Methods.

3.4.3 Open Procurement Methods

Part V of PPR 2013 GN No. 446 covers methods of procurement and their conditions for use. According to **PPR-R149** default Method shall be **OPEN TENDERING - NATIONAL AND INTERNATIONAL**. Other methods may be used as an exception subject to the approval of Tender Board if Competitive tendering is not considered to be the most economic and efficient method of procurement; and the nature and estimated value of goods, works or services permit.

Open tendering procedures i.e. 1) International Competitive Tendering; 2) National Competitive tendering; and 3) Restricted Tendering have the same requirements save for the thresholds for application of those methods., see table 5 below:

Table 5: Open Procurement Methods: Thresholds and Conditions for Use

Method of Tendering	Circumstances for Use	Goods	Works	Non Consultancy Services	Disposal of Public Assets
International competitive tendering PPR-R150	The need to attract maximum competition where capacity within the country is not available or goods and services are not available in the country. Margin of preference in favour of local firms applies.	No limit Procedure of Procurement is Covered in PPR-Part VII			
National competitive tendering PPR-R151	The need to attract maximum competition where local capacity is available, the need to restrict payments to Tsh only, the need to minimize procurement transaction costs. Does not limit participation of foreign firms, however a margin of preference shall be applied in favour of local firms	Up to Tsh 1,000,000,000	Up to Tsh 5,000,000,000	Up to Tsh 1,000,000,000	Up to Tsh 5,000,000,000
Restricted tendering (PPR-R152)	<ul style="list-style-type: none"> • Tenderers already prequalified, • Few specialized tenderers, • Emergency circumstances, • Need to achieve certain social objectives by involving the community, • Set aside contracts for purpose of capacity building of local firms. 	No limit, but must be justified <u>Procedure:</u> Except for no need of advertising and the time given to bidders, all requirements relating to international and national competitive tendering apply.			

3.4.3 Procurement Methods involving Negotiations

Procurement methods with negotiations include:

- Two stage tendering - **PPR-R154**;
- Request of Proposal with simultaneous negotiations - negotiations held with all bidders - **PPR-R155 to 156**;
- Request for Proposal with Consecutive Negotiations - **PPR-R157**;
- Request for Proposals with competitive negotiations -**PPR- R158**;
- Single source procurement method for goods or services -**PPR-R159-160**; and
- Single source procurement method for works - **PPR-R161**.

PPR-R153 gives conditions for use of two stage tendering and request for proposal with simultaneous negotiations, consecutive negotiations and competitive negotiations and they are summarized in **Table 6**.

All methods have one purpose in common, which is to ensure clarity of the PEs requirements before obtaining the final price quotation. In addition, two stage tendering, request for proposals with simultaneous negotiations as well as with consecutive negotiations are applicable in re-tendering where the original tenders were rejected.

The essential differences between request for proposal with simultaneous negotiations, consecutive negotiations and competitive negotiations are as follows:

a) Request of Proposal with Simultaneous Negotiations

With simultaneous negotiation, proposals whose technical, quality and performance characteristics meet or exceed the relevant minimum requirements are considered to be responsive and are invited for negotiations which are carried out in the presence of all pre-selected bidders. With this method the PE is required to ensure that the number of tenderers invited to participate in the negotiations, which shall be at least three, is sufficient to ensure maximum competition. After negotiations, the PE shall request all tenderers remaining in the procurement proceedings to present their best and final offer which shall not be negotiated and the PE shall select the offer that best meets its needs in accordance with the criteria and procedure for evaluating proposals as set out in the request for proposal.

b) Request of Proposal with Consecutive Negotiations

In the request for proposal with consecutive negotiations, proposals whose technical, quality and performance characteristics meet or exceed the relevant

minimum requirements are considered to be responsive and are ranked in accordance with criteria and procedure for evaluating proposals as set out in the request for proposal. A tenderer whose proposal is best ranking is first invited for negotiations of its financial proposal. If negotiations fail to result into a contract, the second best ranking is invited for negotiations of its financial proposals in that order. PE is not allowed to re-open negotiations with any supplier with which it has terminated negotiations.

c) Request of Proposal with Competitive Negotiations

In request for proposals with competitive negotiations, proposals of which the technical, quality and performance characteristics meet or exceed the relevant minimum requirements are considered to be responsive and each tenderer shall be invited separately for negotiations of its offer. Following completion of negotiations, the PE shall request all remaining tenderers in the procurement proceedings to present by a specified date their best and final offer with respect to all aspects of their proposals. The successful offer shall be the offer that best meets the need of the PE.

d) Single Source Procurement Method

The requirements for single source method for procurement of goods, services and works have remained the same except that the thresholds attached to the method has been removed as long as the procurement meets requirements of PPR-R159 for goods and services and **PPR-R161** for works which are supposed to be taken individually and not collectively as was previously interpreted under GN. No. 97 of 2005. The procedure for single source is described in **PPR-R160** and given that it is only one tenderer invited to participate, negotiations are allowed in all aspects of its submission.

- For more details with regard to two stages tendering, Request of Proposal with simultaneous negotiations, Request for Proposal with Consecutive Negotiations, and Request for Proposals with competitive negotiations one may wish to visit Unicitral Modal Law on Procurement 2011, Articles 30, 48, 49, 50 and 52.

Table 6: Procurement Methods with Negotiations: Thresholds and Conditions for Use

Method of Tendering	Circumstances for Use	Goods	Works	Non Consultancy Services	Disposal of Public Assets
Two Stage Tendering PPR 153(1) & PPR-R154	<ul style="list-style-type: none"> • Need to refine aspects of the description of subject matter of procurement and to formulate them with the detail required to meet its requirements; • A repeat tender process following no submission of tenders in previously invited tender 	NO LIMIT IS GIVEN ON ITS APPLICATION <u>Procedure:</u> <ul style="list-style-type: none"> • Obtain tenders in two stages- First stage proposal without price on: technical, quality or performance characteristics of the subject of procurement; Contractual terms and conditions of supply; and professional and technical competence of the tenders • May engage in discussion with those who are responsive. Opportunity to be extended to all. • Revise set of terms and conditions of procurement in response to the tenderer submission and discussions held. Observe PPR-R154(7) • Invite responsive bidders to submit financial offers in response to revised set of terms and conditions of procurement. • Tenders wishing to withdraw in the second stage may do so without forfeiting their bid security. 			

Method of Tendering	Circumstances for Use	Goods	Works	Non Consultancy Services	Disposal of Public Assets
Request for Proposals with Simultaneous Negotiations PPR 153(2)& PPR-R155 to 156	<ul style="list-style-type: none"> • PE unable to formulate a detailed description of subject matter and therefore a need to involve tenderers through negotiation to obtain the most satisfactory solution to its procurement needs; • Tender for research, experiment or study of which quantities to be procured have no commercial viability to recover the costs; • Procurement for national defence or national security; • A repeat tender process following no submission of tenders in previously invited tender or rejection of all tenders; and • Technical nature of goods, works and services dictate the need to negotiate with tenderers 	NO LIMIT IS GIVEN ON ITS APPLICATION????			

Procedure:

- Invite tenders to submit their proposals. It may be desirable to limit the number through pre-qualification or pre-selection – the need to have a clear rating criteria to arrive to a required number;
- Observe PPR-R155(2) with regard to invitation to participate; PPR-R155(9) with regard to issuing a Request for Proposals to the pre-qualified or pre-selected providers; and PPR-R155(10) with regard to the contents of the Request of Proposals;
- Simultaneous negotiations shall be conducted with tenderers that presented responsive proposals. The number of tenderers should be at least three to ensure competition. **Conducted concurrently be the same representative of a PE.**
- Not allowed to modify the subject matter of procurement; any qualification or evaluations criterion; or minimum requirements with regard to qualifications of tenderers;
- Invite tenderers remaining in the proceedings to present their best and final offer with respect to all aspects of their proposals.

Method of Tendering	Circumstances for Use	Goods	Works	Non Consultancy Services	Disposal of Public Assets
Request for Proposals with Consecutive Negotiations PPR 153(3) & PPR-R157	<ul style="list-style-type: none"> The need to consider separately the quality and technical aspects, and financial aspects of the proposal; The need to establish acceptability of the financial terms and conditions of procurement contract by PE 	NO LIMIT IS GIVEN ON ITS APPLICATION <u>Procedure:</u> <ul style="list-style-type: none"> Obtain proposals in the same way as Request for Proposals without Negotiations. Observe PPR-R162(2) with regard to invitation to participate; PPR-R162(4) with regard to issuing a Request for Proposals to the pre-qualified or pre-selected providers; and PPR-R162(5) with regard to the contents of the Request of Proposals; Evaluate technical, quality and performance characteristic of a proposal and rank them in accordance with criteria and procedure for evaluating proposal set out in the request for Proposal document; Invite the tenderer with the best ranking proposal for negotiations on financial aspects of its proposal; Proceed to the next ranked if not possible to result into a procurement contract. 			
Request for Proposals with Competitive Negotiations PPR 153(4) & PPR- R158	<ul style="list-style-type: none"> emergency circumstances making it impractical to use open tendering proceedings; Procurement for national defence or national security; 	NO LIMIT IS GIVEN ON ITS APPLICATION <u>Procedure:</u> <ul style="list-style-type: none"> Bidders are invited to submit proposals which are evaluated and each invited separately to negotiate its proposals before they are invited to submit their Best and Final Offer (BAFO) which shall not be negotiated Successful offer shall be the offer that best meets the needs of a PE. 			
Single source procurement for goods and services (PPR-R159)	<ul style="list-style-type: none"> Only one supplier of service provider available, emergency circumstances, additional supplies required in a contract awarded through open tendering, research, experiment or development basis where there is commercial viability, national defence or national security, continuity of functioning of existing equipment or Services; 	No limit, but must be justified. <u>Procedure:</u> Except for no need of advertising and the time given to bidders, all requirement relating to international and national competitive tendering in terms of documentation apply.			Not applicable

3.4.4 Procurement Methods without Negotiations

Procurement methods without negotiations include:

- Request for proposals without negotiations – **PPR-R162**
- Shopping – **PPR-R163 to 164**;
- Minor value procurement – **PPR-R165**; and
- Micro Procurement – **PPR- R166**.

a) Micro (Value) Procurement Method

The request for proposal without negotiations method is more or less the same as a two stage tendering method except that no negotiations is allowed on both the technical and financial proposal of the tenderer. In this method, proposals whose technical, quality and performance characteristics meet or exceed the relevant minimum requirements shall be considered to be responsive and shall be subjected to the opening of the envelopes containing the financial aspects of their proposals. During the opening of financial proposals the score of the technical, quality and performance characteristics of each responsive proposal and the corresponding financial aspect of that proposal shall be read out in the presence of the tenderers invited to the opening of the envelopes containing the financial aspects of the proposals. The successful proposal shall be the proposal with the best combined evaluation in terms of the price and the criteria specified in the request for proposals.

b) Micro (Value) Procurement Method

The micro procurement method has been introduced to respond to the outcry by many PEs that items bought by individuals attracted cheaper prices compared to those obtained through a tender process. The author has always argued that cheaper prices obtained by individuals when buying are because they were paying in cash for goods or services in question. The main features of micro procurement method are shown in **Box 1**. Other important aspects of this method include the following:

- Procurement may be delegated to User Department subject to not exceeding limits set out in 7th Schedule of PPR 2013 or limits set in the guidelines issued by PPRA;

- They need not be approved by Tender Board, but must be reported to Tender Board on monthly basis by the holder of delegated procurement authority using procedural forms issued by PPRA;
- All micro procurements shall be reported to PPRA on quarterly basis using a procedural form prepared by the same; and
- For common use item and services PEs shall use framework contracts under GPSA implying that the use of this method shall not be for the purpose of avoiding the use of the system for procurement of common use items and service.

Box 1: Pre-requisites of Micro Procurement

166.-(1) Micro procurement may be conducted by a Procuring Entity that purchases directly from established supermarkets, shops or drug stores, or similar establishments if the value of such procurement does not exceed the limit set out in the Seventh Schedule to these Regulations.

(2) A micro procurement process shall not require:

- (a) Written solicitation document;
- (b) Written bid;
- (c) Public bid opening;
- (d) Notice of best evaluated bidder; or
- (e) Signed contract document.

(3) An original invoice or receipt for the procurement of goods and the price paid shall be obtained and annotated with the name of the officer who undertakes the procurement.

(4) A Procuring Entity may use petty cash, imprest or purchase cards to effect payments under micro procurement.

Table 6: Procurement Methods without Negotiations: Thresholds and Conditions for Use

Method of Tendering	Circumstances for Use	Goods	Works	Non Consultancy Services	Disposal of Public Assets
Request for Proposals Without Negotiations	<ul style="list-style-type: none"> Need to consider financial aspects of proposals separately and only after completion of examination of quality and technical aspects of the proposals. 	<p><u>Procedure:</u> More less the same as Quality Based selection for Consultancy Services</p> <ul style="list-style-type: none"> Invite tenders to submit their proposals. It may be desirable to limit the number through pre-qualification or pre-selection; Observe PPR-R162(2) with regard to invitation to participate; PPR-R162(4) with regard to issuing a Request for Proposals to the pre-qualified or pre-selected providers; PPR-R162(5) with regard to the contents of the Request of Proposals; Evaluate technical, quality and performance characteristic of a proposal and rank them in accordance with criteria and procedure for evaluating proposal set out in the request for Proposal document; Open financial proposals of those successful in their technical proposal; Best proposal shall be one with best combined evaluation in terms of the price and the criteria for technical, quality and performance characteristics specified in the RFP; 			
Competitive quotations (Shopping) PPR -R163	<ul style="list-style-type: none"> For diversified goods offering no commercial interest for any single supplier to tender for them For off the shelf or standard commodity specifications 	Up to Tsh 120,000,000	Up to Tsh 200,000,000	Up to Tsh 100,000,000	Not applicable
		<p><u>Procedure</u></p> <ul style="list-style-type: none"> Obtain quotations from at least three suppliers; Observe minimum time given to bidders as shown in Eighth Schedule; and Observe procedure given in PPR-R164 			
Minor value procurement		Up to 10,000,000	Up to 20,000,000	Up to 10,000,000	Not applicable
Micro procurement		5,000,000	Not applicable	Not applicable	Not applicable

3.4.5 Other Procurement Methods

Other procurement methods as per procurement law include:

- Force account;
- Community participation; and
- Procurement of commodities and foodstuffs.

Force account procurement method for works relates to LGAs (Pes) use of own staff, hired labour or public or semi-public agencies or departments in the construction of works- **PPR-R167**. One of the pre-requisites for the use of this method is the availability of qualified personnel within PE to carry out and/or supervise the required works.

Provisions with regard to **community participation in procurement** and procurement of commodities have remained the same as was contained in GN. No. 97 of 2005 (**PPR-R169**) save for procurement of the same using framework agreements if included in the list of common use items.

New provisions have been introduced with regard to **procurement of food stuffs** for schools, training institutions, hospitals and prisons in which GPSA shall play a major role for procurement of such items having obtained standards for such goods from the relevant Ministries and estimated quantities from responsible institutions (**PPR-R170**).

➤ Note that PPA 2011 as amended 2016 includes **special groups** which includes women, youth, elderly and persons with disability for special consideration, of which the Procuring Entity shall set aside a specific percentage of the procurement volume in accordance with the procedures set out in the Regulations”

- PPA 2011 as amended 2016 necessitates changes in the Public Procurement (Amended) Regulations and participants are advised to check on the PPRA website once published.
- Expected changes in the procurement methods and its use include 1) adjusted thresholds for minor value and micro (value) procurement; 2) procedures for direct procurement from manufacturers; and 3) procedures for registration and eligibility of special groups for public procurement.

Exercises:

Procurement Methods not involving negotiations:

Activity- Procurement Methods

- Study the information above about the different procurement methods in 5.2 – Procurement Methods and answer the following questions.

In groups of 3, discuss and try to answer the questions that follow:

1. A project is approved for a primary school rehabilitation project in Namtumbo Council. The estimated cost was about Tsh 200,000,000.

Which procurement method would you recommend? And Why?

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2. Seaside Council wants to conduct a tendering process for a road construction project, estimated to cost around Tsh 3,500,000,000 with payment made in Tanzanian shilling. The aim is to attract a wide range of Contractors and believes that the project is unlikely to attract sufficient local competition due to its large scope.

Which procurement method is best suited to this project? And Why?

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3. Friendly Council conducted an open competitive tendering process for the supply of some school and office furniture estimated to cost Tsh 50,000,000. The process failed to bring an award of contract, so the Procurement Unit has decided that another procurement method is needed.

Which procurement method can now be used? And Why?

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4. A flash flood in the west of Tanzania resulted in the collapse of a bridge, which is part of a highway linking outlying towns to the main market centre in the Council. The Council has an urgent need for procurement of works in order to repair the bridge as soon as possible.

Which procurement method can be used in such a situation? And Why?

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5. Your Council is in need of out-sourcing services for office cleaning estimated to cost Tsh 50,000 per year and Security services which its cost estimates is Tsh 120,000

Which procurement method can now be used? Why?

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3.4.6 Methods of Selection and Employment of Consultants

The procurement of consultant services is a specialised form of procurement requiring bidding procedures and documents which are very different to those for standard goods and works. The use of merit-point evaluation systems and two-envelope bidding procedures are routine features in the procurement and selection of consultants. Selecting consultants for long or complex assignments on the basis of cost alone is unlikely to achieve the required quality of services.

a) Merit-Point Systems

A merit point system uses a point-scoring basis to determine the winning bidder. Points are awarded for technical capability and usually for the financial cost, according to criteria specified in the Request for Proposals. The bidder scoring the highest number of points is usually recommended for the award of contract.

Where cost is a factor in selection, technical quality for consultancy assignments is normally awarded 80% of the total points and cost 20%. However this is only a guideline and the appropriateness of the weighting of the technical and financial scores should be assessed for each assignment.

Merit point systems can also be used to evaluate whether bids pass a minimum technical score to proceed to a final financial evaluation (Least Cost Selection Method). The financial envelopes of all bidders whose bids pass the minimum technical score are then opened, and the bid with the lowest price recommended for award of contract.

b) Two-Envelope Bidding

To avoid any chance of the bidder's price influencing the technical evaluation under a merit point system, financial bids are submitted in a separate sealed envelope. The financial envelope must only be opened after the technical evaluation is completed and approved by the tender committee. In the interests of transparency, a second public opening of the financial bids of those bidders who have passed the technical evaluation stage is held.

c) Quality and Cost Based Selection Method

Quality and Cost Based Selection (QCBS) is the standard method of selecting consultants through competition between pre-qualified short-listed firms. Selection is based on the technical quality of the consultants, the quality of the proposal, and on the cost of the services to be provided. The relative weights given to the technical quality and cost of each proposal are determined for each case depending on the nature of the assignment.

d) Quality-Based Selection

Quality Based Selection (QBS) may be appropriate for complex or highly specialised assignments, or those which invite innovations. The selection is based solely on the quality of the proposal without consideration of the cost. QBS is suitable for the following types of assignments:

- Complex or highly specialised assignments where it is difficult to define precise TOR and the required input from the consultants, and for which the client expects the consultants to demonstrate innovation in their proposals (for example, country economic or sector studies, multi-sector feasibility studies, design of a hazardous waste remediation plant or of an urban master plan, financial sector reforms);
- Assignments that have a long term impact and in which the objective is to have the best experts available (for example, feasibility and structural engineering design of such major infrastructure as large dams, policy studies of national significance, management studies of large government agencies); and
- Assignments that can be carried out in very different ways, and therefore proposals may not be directly comparable (for example, management advice,

or policy studies in which the value of the services depends on the quality of the analysis).

The Request for Proposals (RFP) should not indicate the estimated budget, but may provide the estimated number of key staff and time, specifying that this information is given as an indication only, and that consultants are free to propose their own estimates. The RFP may require submission of a technical proposal only (without a financial proposal), or request submission of both technical and financial proposals at the same time, but in separate envelopes (two-envelope system). Only the financial envelope of the highest ranked technical proposal is opened. The rest are returned unopened to the bidders, after the negotiations are successfully concluded.

If technical proposals only are invited, after evaluating the technical proposals the Consultant with the highest ranked technical proposal will be invited to submit a detailed financial proposal. The Council and the Consultant shall then negotiate the financial proposal and the contract.

e) Selection under a Fixed Budget

Fixed Budget Selection (FBS) is where the Council seeks to obtain the best technical proposal from pre-qualified short-listed consultants within a pre-determined budget limit. This method is only appropriate when:

- The assignment is simple and can be precisely defined; and
- The budget is fixed.

The RFP will indicate the available budget and request the consultants to provide their best technical and financial proposals in separate sealed envelopes, within the stated budget. The TOR must be carefully prepared to ensure that the budget is sufficient for the consultants to perform all of the expected tasks.

Technical proposals will be evaluated and bidders who pass the minimum technical score will be invited to a public opening of their financial envelopes.

Bidders whose technical proposals fail to meet the minimum technical score will have their financial envelopes returned unopened. Any financial proposals that exceed the indicated budget shall be rejected. The Consultant who has submitted the highest ranked technical proposal within the budget will be selected for award of contract.

f) Least-Cost Selection

This method is more appropriate to selection of consultants for assignments of a standard or routine nature (audits, engineering design of noncomplex works, and so forth) where well-established practices and professional standards exist, and when the contract value is small.

A minimum qualifying score for the required quality is established and is stated in the RFP. Shortlisted bidders are required to submit technical and financial proposals in separate envelopes. Technical envelopes are opened first and evaluated. Those bids scoring less than the minimum qualifying score are rejected. The financial envelopes of the remaining bidders are opened in public. The firm with the lowest price is selected for contract award.

g) Selection Based on Consultants' Qualifications

This method may be appropriate for very small assignments where the need for submission and evaluation of detailed competitive proposals is not justified. Expressions of interest and information on the consultants' experience and competence relevant to the assignment are requested. The firm with the most appropriate qualifications and references is selected. The selected firm is invited to submit a combined technical and financial proposal, and then invited to negotiate the proposal and the contract.

h) Single-Source Selection

Single-source selection of consultants lacks the benefit of competition in regard to quality and cost, is not transparent in selection, and may encourage unacceptable practices. Therefore, single-source selection should only be used in exceptional circumstances. The justification for single-source selection must be examined carefully to ensure economy and efficiency. The conditions for the use of direct procurement should be noted before using this selection method. Single-source selection is only appropriate if there is a clear advantage over competitive selection:

- For tasks that are a natural continuation of previous work carried out by the firm;
- Where rapid selection is essential (for example, in an emergency situation);
- For very low value assignments; and
- When only one firm is qualified or has the necessary experience for the assignment.

Exercises

General Discussion:

Participants will be asked to consider the methods used for procuring the following works, goods and services.

- Revenue collection from markets, taxis, town buses (daladals), etc;
- Construction work in general;
- Water supply construction;
- Periodic and Routine Road Maintenance;
- Printing Works;
- Materials to Hospitals;
- Food Supply in Hospitals and secondary schools; and
- Short training course in the application of EPICOR.

Participants will be given an opportunity to comment on the methods used by the various LGAs as described by the different participants.

SESSION 4: PREPARING DETAILED PROCUREMENT PLAN SCHEDULES

Session four gives a detailed guide on how to prepare Procurement Plan schedules. The session is divided in two units as follows:

- Unit 4.1: Packages and Preparation of List of Goods, Works and Services; and
- Unit 4.2: Filling of Procurement Schedules and Submission of APP.

By the end of the Session, the participants will be able to:

1. Sorting-out packages and preparation of list of Goods, Works and Services (LOGWS); and
2. Filling of procurement schedules and submission of Annual Procurement Plan to relevant Authorities.

Unit 4.1: Packages and Preparation of List of Goods, Works and Services

4.1.1 Unit Objectives

By the end of the unit, the participants will be able to:

1. Sort out Packages and Lots in accordance with action plan timing; and
2. Prepare List of Goods, Works and Services (LOGWS).

4.1.2 Sorting out Packages and Preparation of List of Goods, Works and Services

The law requires Procuring Entities to use the standard templates of procurement schedules. There are three steps in preparing Annual Procurement Plan and schedules as follows:

- STEP I:** Sorting out Packages and Lots in accordance with the timing of the action plan
- STEP II:** Prepare List of Goods, Works and Services (LOGWS)
- STEP III:** Prepare Procurement Schedule

The packages and lots should be presented in the procurement cost tables (Expenditure Schedule) by procurement category. The cost tables are extracted from the Plan of Action and the Budget. After the determination of procurement arrangements and preparation of the LOGWS with appropriate packages and lots, the next step is to prepare the procurement schedules with target dates for each main task.

To this end, the Procurement Officers should bear in mind the lead time required for each cycle of individual procurement, to be guided by standard procurement processing time schedules prescribed in the regulations.

Exercises

Group work:

From the prepared packages of procurement contracts, prepare the List of Goods, Works and Services (LOGWS).

Each group should nominate one member to report back to the plenary on their assignment.

Unit 4.2: Filling of Procurement Schedules and Submission of APP

4.2.1 Unit Objectives

By the end of the unit, the participants will be able to:

1. Use and fill-out procurement schedules;
2. Explain the procedures for submission of the Annual Procurement Plan.

4.2.2 Procurement Schedules and Plan Submission

After the determination of procurement arrangements and preparation of the LOGWS with appropriate packages and lots, the next step will be to prepare the procurement schedules with target dates for each main task.

➤ The PPRA Website has templates for Procurement Plan schedules for use by Procuring Entities. The templates are also used – which is MANDATORY - to submit information on the Annual Procurement Plan through Procurement Management Information System (PMIS).

The Public Procurement Regulatory Authority (PPRA) templates are to be used to prepare Procurement Schedules for Goods, Works, Consultancy and Non Consultancy Services. Each category has three different schedules:

- i) For internal use;
- ii) External use; and
- iii) PPRA use.

The schedules for external use will be published as part of the General Procurement Notice (GPN).

In addition PMU is required to prepare separate schedules for Operating Costs, Training and Workshops. These services will be procured using different approaches as will be directed by the Accounting Officer.

Exercises

From the prepared List of Goods, Works and Services fill in the Annual Procurement Plan schedules using PPRA templates.

Each group should nominate one member to present to the plenary on their assignment.

SESSION 5: KEY PERFORMANCE INDICATORS FOR PROCUREMENT PLANNING AUDIT AND ANNUAL PROCUREMENT PLAN REPORTS

Session five gives a detailed guide on performance indicators for the Procurement Plan. The session is divided in two units as follows:

- Unit 5.1: Key Performance Indicators for Procurement Planning Audits; and
- Unit 5.2: Preparation of Annual Procurement Plan Reports.

By the end of the Session, the participants will be able to:

1. Explain the Key Performance Indicators for Procurement Planning audit; and
2. Prepare Annual Procurement Planning reports.

Unit 5.1 Procurement Plan Performance Indicators

5.1.1 Unit Objectives

By the end of the unit, the participants will be able to:

1. Identify Key Performance Indicators for Procurement Planning audits; and
2. Explain the use of Compliance Indicators used in procurement audits.

5.1.2 Compliance and Performance Indicators for Procurement Plan

The Public Procurement Regulatory Authority has a mandate to carry out procurement compliance audits of Procurement Entities in Tanzania. When preparing the Annual Procurement Plan you should consider the following compliance indicators, which are used for the audits of the Annual Procurement Plan:

- Appropriate PPRA's templates used;
- Appropriate tender numbering as per PPRA's guidelines;
- Tender processing time properly allocated;
- Proper aggregation of requirements;
- Proper arrangement of Tender Board and Committees meetings;
- APP duly approved; and
- APP Submitted to the PPRA through PMIS.

Exercises

Group Question:

- Explain the use of compliance indicators for auditing the preparation of the Annual Procurement Plan.
- Are you aware of all indicators and what are compliance gaps in your LGA?

Unit 5.2: Annual Procurement Plan Reports

5.2.1 Unit Objectives

By the end of the unit, the participants will be able to:

1. Prepare and submit Annual Procurement Plan reports as per legal requirements.

5.2.2 Overview of Annual Procurement Plan Reports

The table below shows the reporting requirements of the Annual Procurement Plan:

S/n	PPR	Type of Report / Record	Frequency	By Whom	To PPRA	LGA	RS/ LGAMSS	Publicity
1	18 (1)	General Procurement Notice and Summary	1x year; one month before Specific Procurement Notice (SPN)	PE	√			TPJ; Tenders' Portal
2	70	Annual Procurement Plan	< 14 days of completion of budget process	PE	√	√	√	
3	87 (2)	Monthly procurement implementation report	Monthly < 7 days	PE	√	√	√	
		Quarterly procurement implementation report	Quarterly < 7 days					
		Annual procurement implementation report	End FY < 30days					

5.3.1 Compliance and Performance Indicators for Annual Procurement Plan

The table below shows an extract of the current compliance and performance indicators and performance criteria for the Annual Procurement Plan:

No	Indicator	Requirements	Performance data	Max score
APPROPRIATE PREPARATION AND IMPLEMENTATION OF ANNUAL PROCUREMENT PLAN (APP)				10%
2.1	<i>Properly prepared APP</i>	<i>A Procuring Entity shall plan its procurement in accordance to Section 49 of PPA, 2011 and Reg. 69-75 of GN No; 446 of 2013.</i>		3%
2.1.1	Used appropriate PPRA'S templates	Procuring entities shall use appropriate APP templates prepared and issued by PPRA (three templates for internal, external and submission to PPRA for G, W, NCS, D and three templates for CS	Appropriate PPRA templates used	0.6
2.1.2	Used appropriate tender numbering as per PPRA's guidelines	Procuring entities shall use appropriate tender numbering as issued by PPRA [in all the three templates (internal, external and submission to PPRA) for G, W NCS, D and three templates for CS	Percentage of tenders with appropriate numbering as per PPRA's guidelines	0.6
2.1.3	Tender processing time allocated properly	Tender processing time should be allocated appropriately within the bid validity period as required under Reg. 68(4) and eighth schedule of GN No; 446 of 2013[in all the three templates (internal, external and submission to PPRA) for G, W NCS,D and three templates for CS].	Percentage of tenders with appropriate processing time	0.6
2.1.4	Proper aggregation of requirements	A Procuring Entity shall aggregate its requirements wherever possible, both within the Procuring Entity and between procuring entities, to obtain value for money	Percentage of tenders which have been properly aggregated	0.6

No	Indicator	Requirements	Performance data	Max score
		and reduce procurement costs and avoid splitting of procurement to defeat the use of appropriate procurement methods, avoid emergency procurements and make use of framework contract wherever appropriate to provide an efficient, cost effective and flexible means to procure works, services or supplies that are required continuously or repeatedly over a set period of time as described under Section 49 (b & c) of PPA, 2011 and Reg; 72, 73 of GN No; 446 of 2013[in all the three templates (internal, external and submission to PPRA) for G, W NCS,D and three templates for CS		
2.1.5	Proper arrangement of TB/committees meetings	Arrangements of TB meetings in away reasonably for efficiency outcome/cost effective while accommodating Para 5 of the second schedule of PPA, 2011[in all the three templates (internal, external and submission to PPRA) for G, W NCS,D and three templates for CS].	Proper arrangement of TB/committees meetings	0.6
2.2	<i>The APP approved by Budget Approving Authority</i>	<i>APP [All the three templates (internal, external and submission to PPRA) for G, W NCS,D and three templates for CS] should obtain Necessary approval by the Budget Approving Authority as provided under Sec. 33(2a) 49 (2) of PPA, 2011 and Reg. 69 (9) of GN. No. 446 of 2013.</i>	<i>APP approved by the budget approving authority</i>	1%

No	Indicator	Requirements	Performance data	Max score
2.3	GPN published in the tender portal and its summary in TPJ?	<i>A Procuring Entity intending to procure goods, works or services shall prepare its general procurement notice based on its Annual Procurement Plan and submit it together with its summary to the Authority for publication in the Journal and Tenders' Portal. Publication should be at least one month before SPN and any revision of the APP shall be posted in the Journal and tender portal as required under Sec. 105(r) of PPA, 2011 and Regulation 18 of GN No. 446 of 2013.</i>	<i>G.P.N advertised to the public through Tanzania Procurement Journal and tender Portal.</i>	1%
2.4	APP implemented properly	<i>A Procuring Entity shall implement its procurement activities in accordance with the annual work plan issued</i>		5%
2.4.1	APP adhered to (Unless there are acceptable justifications)	Procuring Entity shall adhere to the APP unless there are acceptable justifications as required under Sec. 49(3) of PPA, 2011. And Reg. of GN. No. 446 of 2013.	Proportion of procurement in accordance to APP	2
2.4.2	Efficiency in implementing the APP	Viability of the actual time used to process planned procurements as required under section 63 (2) of PPA and Reg; 5 (C) and 68(3) of GN No. 446 of 2013		3
2.4.2.1	From submission of requirements by User Department to Tender Advertisement	The time used for the particular tender at this stage how is it efficient compared to time stipulated in the eighth schedule of GN No. 446 of 2013 <i>(Assess based on single tender)</i>	Proportion of actual time used for the particular tender compared to time stipulated in the APP for the same tender at the stage and if the answer is ≤ 1 =full marks (100%)	1.5

No	Indicator	Requirements	Performance data	Max score
			Between 1 and 1.5 = half mark (50%) Above 1.5=zero (0%)	
2.4.2.2	From tender opening to contract signing	The time used for the particular tender at this stage how is it efficient compared to time stipulated in the eighth schedule of GN No. 446 of 2013, depending on the method of procurement used <i>(Assess based on single tender)</i>	Proportion of actual time used for the particular tender compared to time stipulated in the APP for the same tender at the stage and if the answer is ≤ 1=full marks (100%) Between 1 and 1.5 = half mark (50%) Above 1.5=zero (0%)	1.5

Exercises

Group Questions:

- Are you aware of the compliance and performance indicators for Procurement Planning?
- What are according to you the compliance and performance gaps in your LGA?
- How could Job Families collaborate and work together to improve compliance to the standards set in the CPIs?

ANNEXES

Annex 1: Case Study

MWENDAPOLE DISTRICT COUNCIL

1.0 INTRODUCTION

Mwendapole DC was established following the introduction of the Decentralization Policy in Tanzania.

1.1 Establishment and objectives

Mwendapole District Council was established following the provision of section 8 and 9 of the Local Government Act (District Authorities) 1982. Besides complying with the Act, the Council operates in compliance with the frame work of the following instruments:

- Local Authority Financial Memorandum 1997;
- Public Procurement Act No.7 of 2011; and
- Local Government finance Act No.9 of 1982 Financial Memorandum.

Mwendapole District Council has the following operational objectives,

- To maintain peace, public order and good governance within its area of jurisdiction;
- To promote the social welfare and economic well-being of all persons within its area of jurisdiction;
- Subject to the National policy and Rural and Urban Development, to further the social and economic development within its area of jurisdiction;
- Collection of public funds through taxes, licences, fees and charges; and
- To convince the public on the use of funds so as to achieve the maximum benefits through sound financial management.

In addition to these objectives, the council has short term objectives geared towards alleviation of severe malnutrition, food security, and poverty alleviations; other short term objectives that include improvement of health facilities, clean water supply, improving road sector and reduction of HIV/ AIDS prevalence.

Thus, the objectives of the Mwendapole District Council are:

- To promote collaboration with entrepreneurs, and to take advantage of economic and social benefits created by investments;
- To facilitate transfer of technology between investors and local enterprises;
- To promote market opportunities created through joint ventures;
- To maximize the use dormant resources available in the district; and
- To ensure adherence to internationally accepted principles of trade, and good governance, for example World Trade Organization (WTO).

1.2 Management Structure

The Mwendapole District Council operates under directives of the Full Council which is the supreme body for legislative responsibilities.

The council is headed by the District Director who is accountable to the Finance and Administrative committee and Full Council for its day to day operations. The council is administered under the chairmanship of the Hon. Mayor and District Director on matters falling under their jurisdiction.

2. Council Budget

The council budget is annexes in MTEF format as per Government requirement to be practicable and reflect the real situation in respective LGAs.

EXERCISE ONE: Consider Case study: Carry out situation analysis and prioritization of council activities. Each group should practice the situation analysis; analysing demand, supply and market analysis. The group presenter will make a presentation to a plenary.

EXERCISE TWO Based on the MTEF of the case study and the situation analysis you have done, categorize procurement requirement to identify category of procurements for the Council

EXERCISE THREE: From identified category of procurements identified in the case study aggregate procurement requirement and prepare packages of procurement Contracts. Each group should identify a presenter to make a presentation to a plenary.

EXERCISE FOUR: As per prepared packages of procurement Contracts prepare List of Goods, Works and Services

EXERCISE FIVE: from prepared List of Goods, Works and Services fill in Annual Procurement Plan schedules using PPRA templates.

Annex 2: Sample of Annual Procurement Plan

1. EXECUTIVE SUMMARY

1.1. INTRODUCTION

This Procurement Plan has been prepared by the for the financial year It is prepared in accordance with the Public Procurement Act 2011 and its Regulations.

1.2. METHODOLOGY

The PMU established three major steps in developing the Annual Procurement Plan (APP) as follows:

- Carrying out Procurement Situation Analysis;
- Developing Strategy of Procurement Planning;
- Preparing Detailed Procurement Plan and Schedules

1.3. SITUATION/REQUIREMENTS ANALYSIS

This process involved the analysis of the PE's requirements as detailed in the Medium Term Expenditure Frame work (MTEF). The objective of the analysis was to ensure that there is a common understanding of the procurement requirements that would assist in implementing the specific activities included in the MTEF. It is envisaged that, through this analysis, relevant categories of the procurement that better achieve the objectives in the MTEF were identified.

The methodology of categorizing procurement activities was introduced; the PMU used the MTEF to come out with categories of procurement. Particular reference was made on Regulation 69(3) of GN 446, which states that "*Procuring Entity must forecast its requirements for goods, services and works as accurately as is practicable with particular reference to activities already programmed in its annual work plan and included in its annual estimates*".

The inputs of the activities listed in the MTEF were linked with their objectives and targets to ascertain Procurement Categories. This was done in accordance with definitions and relevant sections of the Public Procurement Act 2011 and its Regulations.

This plan suggests that these activities would be implemented through eight various procurement categories as follows: Consultancy Services; Goods; Non Consultancy Services; Works; Training; Workshops; Operating Costs and Disposal of Public Assets.

1.4. LIST OF GOODS, WORKS AND SERVICES (LOGWS)

The PMU collaborated with some of the Heads of Units together with the Budget Line Officers in identifying various procurement items from the MTEF. These were then grouped under their relevant categories based on the above analysis and with reference to the definitions of Procurement Categories in the PPA 2004 and its Regulations.

All activities in the MTEF were sorted out to obtain LOGWS with Goods, Works and Services.

From the above analysis, the summary of values of each category of procurement was prepared. The total value of all categories of procurement was tested against the total values of activities in the MTEF and found to be equal. This implies that, the Procurement Plan has taken into consideration all the planned activities and annual estimates contained in the MTEF.

The outputs of this process resulted in categorizing procurement into Goods, Works, and Consultancy services, Non-Consultancy Services, Training, Workshops, and Operating Costs. This gives the List of Goods, Works and Services (LOGWS). Table 1 below indicates LOGWS with estimated total values of contracts under each category.

Table I: EXPENDITURE SCHEDULE BY CATEGORIES

Category	Total
CONSULTANCY SERVICES	
GOODS	
NON-CONSULTANCY SERVICES	
WORKS	
Others	
TRAINING	
WORKSHOPS	
ADMINISTRATION/OPERATING COSTS	
TOTAL	

2. STRATEGY OF PROCUREMENT PLANNING

2.1. Aggregating Requirements

Regulation 72 of G.N. No.446 emphasizes on aggregating the requirements in order to maximize economy and efficiency. The PMU also considered Regulation 69(2) G.N. No.446 which stipulates that *“the Procuring Entity shall take a strategic decision whether the most economic and efficient procurement can best be achieved by separating contracts for each component”*. To comply with these Regulations the PMU involved the Heads of Departments (HoD) and budget officials in identifying similar items under each category of procurement which would form individual contracts.

2.2. Packaging Options

Regulation 71 (1) of G.N No. 446 states that if similar; *“in considering how a project may be carried out, account shall be taken of the advantage, for economic and technical reasons, of dividing the projects into homogeneous lots or package which are as large as possible”*. In addition, Regulation 71 (3) of G.N. No.97 stipulates that *“if similar items are to be procured for several sub components in a project or several projects, it may be convenient to combine them all in one procurement package in order to achieve economies of scale”*.

Procurement contracts were categorized in Goods, Works and Non Consultancy Services according to similarities of items to be procured. It was ensured that the size of each package is appropriate to allow for obtaining maximum possible competition from qualified bidders. This grouped the requirements to get larger size of contract to facilitate international competitive bidding (ICB) and to get economies of scale. Some lots were created within a single procurement package to reduce the number of packages, and to facilitate procurement of “grouped” items as a Lot that include items of similar nature likely to be supplied by dealers (or manufacturers) specializing in such items.

Similarly, the requirements for consultancy services were categorized according to the nature and scope of work. The general guide in preparing the package based on; the nature and size of average consultancy firms or individual consultants, activeness in the relevant field.

Table II

**SUMMARY OF NUMBER OF PACKAGES UNDER
EACH PROCUREMENT CATEGORY**

SN	Categories	Planned Packages Per Category
1	Consultancy Services	
2	Goods	
3	Non-Consultancy Services	
4	Works	
Sub Total		
5	Workshops	
6	Training	
7	Operating costs	
Sub Total		
Grand		

2.3. Method Options

Relevant sections for methods of procurement and their conditions for use as stipulated in the Public Procurement Regulations GN 446 of 2013 were taken into consideration to decide on which procurement method would be used for each contract package. Thresholds applicable for each method of procurement under the specific category of procurement were determined in accordance with relevant schedules of the Procurement Regulations.

The cost of individual procurement proposals established was used as a factor in choosing strategy and options for the procurement. Generally the approach was to develop the most economic and efficient procurement strategy, including estimation, in each case, whether this can be achieved by separating contracts for each department, awarding a single responsibility contract for groups of contracts (or items), or awarding a turnkey contract for the entire project.

Table III

**PROCUREMENT METHODS ARRANGEMENTS FOR
GOODS, WORKS AND SERVICES**

CATEGORY	ICB	NCT	IS/NS	MVP	RT	TOTAL
GOODS						
WORKS						
NON CONSULTANCY						
GRAND TOTAL						

Table IV

**ARRANGEMENTS FOR PROCEDURES FOR SELECTION OF
CONSULTANTS**

SELECTION PROCEDURE	SELECTION METHOD				TOTAL
	NCS	IS	SSS	RCS	
QCBS					
CQ					
LCS					
GRAND TOTAL					

3. PROCUREMENT SCHEDULES

3.1. CONTENTS OF THE PROCUREMENT SCHEDULES

The Public Procurement Regulatory Authority (PPRA) templates were used to prepare Procurement Schedules for Goods, Works, Consultancy and Non Consultancy Services. Each category has three different schedules; those that are for internal use, external use and for PPRA use. The schedules for external use will be published as part of the General Procurement Notice (GPN).

In addition the PMU has prepared separate schedules for OPERATING COSTS, TRAINING and WORKSHOPS. These services will be procured using different approaches as will be directed by the Accounting Officer.

3.2. ANNEXES

3.2.1. Annex A: Aggregated Procurement Packages

3.2.2. Annex B: Detailed Procurement schedules for internal use

- B1 - Procurement Schedules for Works,
- B2 - Procurement Schedules for Goods
- B3 - Selection Schedules for Consultancy Services
- B4 - Procurement schedules for Non-consultancy services

3.2.3. Annex C: Detailed schedules for external use

- C1 - Procurement Schedules for Works,
- C2 - Procurement Schedules for Goods
- C3 - Selection Schedules for Consultancy Services
- C4 - Procurement schedules for Non-consultancy services

3.2.4. Annex D: Detailed schedules for PPRA use

- D1 - Procurement Schedules for Works,
- D2 - Procurement Schedules for Goods
- D3 - Selection Schedules for Consultancy Services
- D4 - Procurement schedules for Non-consultancy services

3.2.5. Annex E: - General Procurement Notice FY....

4. CONCLUSION AND RECOMMENDATIONS

The PMU expectation is that once the Annual Procurement Plan has been approved by Finance Committee as per Regulation 17 (a) of G.N. No. 330, it will be implemented accordingly.

Annex 3: Course Evaluation Form

Name of Module:	
Venue of Training:	
Dates of Training	From To
Trainer(s):	1. 2.
Name of LGA:	
Name (Optional):	
Position:	

Indicate your answer by putting a circle around the number (i), (ii), (iii), (iv) or (v).

PART ONE: OVERALL RELEVANCE OF THE COURSE

1. The objectives of the course were relevant to my training needs:

- (i) Completely agree; means that all the objectives were relevant
- (ii) Mostly agree; means that most of the objectives were relevant
- (iii) Agree; shows approximately half of the objectives were relevant
- (iv) Slightly agree; indicates that a few objectives were relevant
- (v) Completely disagree; to the extent that all objectives were irrelevant

2. The outputs of the course were relevant to my work:

- (i) Completely agree; means that all output were relevant
- (ii) Mostly agree; implies that most output were relevant
- (iii) Agree; shows approximately half of the output were relevant
- (iv) Slightly agree; indicates that a few output relevant
- (v) Completely disagree; to the extent that all output were irrelevant

PART TWO: COURSE CONTENT

3. The content of the course was the same as I expected:

- (i) Completely agree; all the parts of the course were covered as I expected
- (ii) Mostly agree; means that most of the parts of the course were covered as I expected but a few were omitted
- (iii) Agree; indicates that approximately one half of what I expected to cover in the course were actually covered while most of them were omitted
- (iv) Slightly agree; indicates that most of the parts of the course I expected to cover were omitted
- (v) Completely disagree; to the extent that all parts I expected to cover in the course were omitted.

4. I found the following topics particularly useful (list in order of usefulness):

1.
2.
3.

5. I found the following topics particularly not useful (list in order of non-usefulness):

1.
2.
3.

6. I found the overall content of the course very easy to understand:

- (i) Completely agree; that the course content was easy to understand
- (ii) Mostly agree; means that the course content was quite easy to understand
- (iii) Agree; shows that I found my level of understanding fairly acceptable
- (iv) Slightly agree; implies that I found the course content somewhat difficult to understand
- (v) Completely disagree; indicates that found the content very difficult to understand

7. I intend to more effectively perform the following tasks upon return to my duty station (list in order of priority)

1.
2.
3.

PART THREE: COURSE DELIVERY AND ORGANISATION

8. The overall presentation of the facilitators was:

- (i) Excellent
- (ii) Very good
- (iii) Good
- (iv) Fair
- (v) Poor

9. The training methods are:

- (i) Very good
- (ii) Good
- (iii) Poor

Suggestions:

10. I found theory and practice well-balanced in course delivery:

- (i) Completely agree
- (ii) Mostly agree
- (iii) Agree
- (iv) Slightly agree
- (v) Completely disagree

Suggestions:

11. The duration of the course is:

- (i) Too long
- (ii) Adequate
- (iii) Too short

Suggestion:

12. The workload of the course is:

- (i) Too little
- (ii) Just right
- (iii) Too heavy

Suggestion:

13. The training aids and materials are:

- (i) Very adequate
- (ii) Adequate
- (iii) Inadequate

Suggestion:

14. The training venue was:

- (i) Very convenient
- (ii) Convenient
- (iii) Not convenient

Suggestions:

15. The meals and services were:

- (i) Very adequate
- (ii) Adequate
- (iii) Inadequate

Suggestion:

PART FOUR: SUGGESTIONS FOR FUTURE IMPROVEMENTS

11. Give up to three suggestions for future improvement of similar short-term course:

1.
2.
3.

12. What other training would improve your performance on the job?

1.
2.
3.

13. Provide any other comments as you deem necessary

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.....

We thank you for your response.

Date:

Annex 4: References

Councils Council's MTEF

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