



# **MARKET RESEARCH AND MANAGEMENT OF DONATIONS IN PUBLIC PROCUREMENT GUIDELINES**

**March 2017**

## Contents

ACKNOWLEDGEMENTS.....	3
I. INTRODUCTION.....	4
II. MARKET RESEARCH .....	4
III. MARKET RESEARCH GUIDELINES .....	7
DOs.....	7
DONTs .....	8
FIVE STEPS PROCESS.....	9
IV. CONCLUSION .....	10
APPENDIX A .....	11
MARKET RESEARCH FORM1 .....	11
Sample Questions to Answer .....	11
APPENDIX B .....	13
COLLECTING MARKET DATA.....	13
APPENDIX C .....	15
MARKET RESEARCH REPORT TEMPLATE.....	15
APPENDIX D .....	21
SAMPLE MARKET RESEARCH RESULTS TEMPLATE.....	21
MANAGEMENT OF DONATIONS IN PUBLIC PROCUREMENT.....	24
MANAGEMENT OF DONATIONS IN PUBLIC PROCUREMENT.....	25
1. BACKGROUND .....	25
2. PRINCIPLES OF GOOD DONATION .....	26
3. DONATIONS IN EQUIPMENT .....	26
4. HOW TO ASSESS DONATIONS .....	27
5. GUIDE TO DONOR AGENCIES.....	28
6. EXCEPTIONAL CASES .....	28
7. PERISHABLE CONSUMABLES .....	28
8. SUMMARY .....	29

## ACKNOWLEDGEMENTS

These documents were developed through the existing body of knowledge across the world looking at best practice and the drive to increase transparency and accountability in public procurement. The primary guiding document is the Guidelines for Healthcare Equipment Donations (March 2000) by World Health Organization (WHO) and the Market Research Guide (June 2010) by the US DSCA and were customized to align with the PPAD Act, Regulations and Operations Manual.

# MARKET RESEARCH IN PUBLIC PROCUREMENT

## I. INTRODUCTION

The Public Procurement and Asset Disposal Board (PPADB) has over time established that some of the submissions presented by the Procuring Entities (PEs) for Invitation to Tender (ITT) vetting and adjudication by the Board or its Committees lack material information to enable the adjudication bodies to make informed decisions. Market research is useful in ensuring successful procurement and disposal outcomes. It assists at different stages of procurement following the need identification stage as it can inform the specifications requirements, preparation of budget, selection of the procurement method, planning and scheduling of the procurement of supplies, services and works, determining the evaluation criteria of bids/proposals, justifying the type of contract amendments, and identifying risks associated with each procurement activity to be undertaken.

The Board has since recognized the need for a guideline in market research particularly given the seemingly reluctance of Procuring Entities to undertake market survey for fear of violating procurement procedures. It should be noted that the scheme of service for procurement units within Government as submitted by PPADB has included the function of market research or intelligence which is important for the each Procuring Entity. The purpose of this guide is therefore to assist Procuring Entities (PE) to obtain vital information from the market on works, supplies or services they wish to procure and get ideas on how they can craft their Invitation to Tender, among others. The guide will act as a reference point for information to be provided to the Board or its Committees for ITT vetting and adjudication purposes. Market surveys can also be used to establish the reasonableness of prices offered by bidders compared to market prices. The information gathered from the market will assist the PEs in executing their procurement timely and respond to any query the Board or Tender Committees may raise. Market research provides information on the latest technology and trends in different industries which is important for understanding developments in the industry. This guide will also complement the Price Guide that the Board has recently issued for use as a reference on prices for common user items. It is anticipated that the undertaking of market research by Procuring Entities will improve procurement outcomes. The Operations Manual Part 3.7(1) (k) requires the Procurement Unit to perform Market Research to facilitate development of tenders although some more complex procurement may best be managed by experts within the Procuring Entity with the support of Procurement Units.

## II. MARKET RESEARCH

1. Conducting Market Research is an important part of procurement planning. Market research is the identification, collection, analysis and synthesis of data about the market environment (e.g. economic indicators such as the market need, market size, new, and existing competition), and other areas of

interest that could affect the price, quality, quantity, schedule of availability and sustainability of what is to be procured or disposed of.

2. Market research gathers current data to identify potential sources of supply, commercial product characteristics, market characteristics, commercial item standards and best practices; emerging technologies, vendor capabilities, non-developmental item solutions, and Government leverage opportunities so that informed procurement strategy decisions can be made. Market Research is a source of development process used to identify potential service providers or suppliers in the marketplace. It is not a selection process for service providers or suppliers as that is done at the procurement stage. Personnel conducting market research activities are free to engage potential service providers / suppliers to gather information on the goods and services offered in the marketplace and the process of gathering such information should be done in a fair and transparent manner to avoid allegations of favoritism. ***It should be made clear to potential sources during this data gathering process that market research personnel are not committing Government resources or creating an impression that a contract award should be issued in response to the market survey activities.*** The outcome of the market research should be documented and filed in the procurement file for reference.

Other ways of conducting market survey include;

- a) Review of product literature and catalogues
  - b) Review of existing market survey reports
  - c) Issue requests for information or price, etc.
  - d) Contacting industry leaders/players and start-ups
  - e) Business exhibitions and trade shows.
3. Market research information is used to shape the procurement strategy, recommend solution, identify and determine the type and content of the product description or statement of work, develop the maintenance support strategy, refine the requirements, and to assist in the development of the evaluation factors used for the procurement. A key element in any successful market research program is clear communication of requirements among Government and Industry personnel involved in procurement planning. Clear and concise statements of the requirements should describe the user's needs. The procurement team should work directly with the end user to ensure requirements are realistic and definable.

Market research can be done using the internet or by soliciting for information from potential suppliers, consultants, service providers or contractors. It can be done in house or by hiring a specialized firm to carry-out the study keeping in mind that the service provider may not participate in subsequent tenders. The results of the study are:

- a) Solution Identification.
- b) Interested and availability of suppliers or contractors and Service providers
- c) Their technical capability and
- d) Financial Capacity and
- e) The price trends
- f) Potential risks

4. Market Research is an essential process enabling PEs to buy best-value works, supplies and services and engage suitable contractors. When little or no knowledge exists for the desired works, supplies or service, the solution may not be optimal, Market Research activities are beneficial in:

- Engaging suppliers of new, existing or innovative products, contractors of new technology, services or solutions available in the market place that address the business problem or meet similar requirements as well as how others have procured similar solutions in the past and performance of such.
- Developing reliable cost estimates
- Evaluating industry practices such as Service Level Agreements (SLAs)
- Identifying availability and status of potential sources of supplies or technology or solutions in the market sector.
- Optimizing best value procurements through competitive market pressures, to include review of competitive prices and terms that have been obtained by other customers or clients when acquiring products, services, works or solutions
- Refinement of business technical and/or functional requirements based on industry standards and best practices
- Determining the best practices of suppliers, service providers or contractors engaged in producing, distributing, and supporting commercial items and services. These practices may include warranty agreements, delivery services, packaging and marking
- Developing data to support the procurement strategy decision process

## **5. Request for Information (RFI)**

It is an open enquiry that spans the market seeking broad information and understanding on a particular procurement of supplies, services or works.

A RFI is a solicitation sent to a broad base of potential suppliers and service providers for the purpose of conditioning (make aware), gathering information, preparing for an RFP or RFQ, developing strategy, or building a database which will all be useful in later supplier or service provider negotiations about:

- The suppliers, including: facilities, finances, attitudes, and motivations
- The state of the supply/service provider market
- Supply/service provider market dynamics
- Trends and factors driving change
- Alternative pricing strategies
- Supplier/ service provider competition
- Breadth and width of product/service offerings, by supplier
- Supplier/service provider strategic focus, business, and product/service plans

Procurement may use RFIs to include a detailed list of products/services/works for which pricing is requested. The pricing should be used for comparative purposes for later negotiation, not as the

basis for negotiators buying decisions. Through analysis of RFI responses, strategic options, lower cost alternatives, and cost reduction opportunities may be identified.

## **6. Life-cycle costing**

This is also known as whole-life costing or total life cycle cost. This is an approach of calculating costs which includes all costs arising during the life cycle of supplies, services or works. The purchase price and all associated costs together with operating and end-of-life costs are considered in lifecycle costing. It may also include costs assigned to externalities such as greenhouse gas emissions. The total life cycle costs give the true cost of acquisition. Donations provided should be exposed to a total lifecycle cost analysis including consumables and compared with similar products in the market. If accepted, donations should be used only for the period of economic life. Upgrades may not be allowed unless if exposed to the total lifecycle cost analysis and compared with other equipment in the market (See the Chapter on Management of Donations in Public Procurement).

## **7. Competition**

Competition is aimed at obtaining the best offer in the market and enhances transparency. Before seeking any waiver from competition some careful assessment is needed to establish whether it is really clear that only one or a few operators are in a position to deliver, and whether optimum value is attainable. Procurement personnel should be familiar with the market in other countries or regions and publish non-binding Expressions of Interest and advertisements to identify potential suppliers, contractors and service providers, technologies. It should be clear that this is not a procurement process.

# **III. MARKET RESEARCH GUIDELINES**

When undertaking market research, the following is best practice on what to do and what not to do;

## **DOs**

- a) Rely more on primary data. Published work can also be used if it is not outdated.
- b) Review past performance of potential suppliers or service providers or contractors
- c) Review Price/feature tradeoffs
- d) Investigate possibilities for typical customizing, modifying or tailoring for customers
  - Potential cost of modifying the item to meet particular needs
- e) Establish industry practices and trends - Industry specifications and industry standards.
- f) Check production and delivery lead-times
- g) Identify technological/product changes and forecasts
- h) Check trends in market prices
- i) Determine factors that affect market prices (e.g., cost and demand of product, raw materials prices)

- j) The PE should ensure that the supplier, service provider or contractor who submit their product or services for trial purposes, signs a disclaimer which removes any legitimate expectation.
- k) Establish practices and trends from other Procuring Entities of the same or similar requirements.
  - Assess trends in Government demand
  - Check trends in prices paid by the Government Agencies vis-à-vis –prices paid elsewhere or by private sector
  - Identify problems and issues with the supplies or services.
  - Consider administration of prior similar contracts

Following the conclusion of market research, PEs are required to submit a report on their findings for each procurement activity to the committees where authority is to be obtained.

**CAUTION:** A warning about use of brand-names or other anti-competitive practices;

1. If market research sources point to a brand name, try to find out if there are other products that are equivalent to the brand name. The brand name and products can include branded methodologies and approaches to service providers.
2. In discussing specifications or terms of reference with market research sources, try to find out which specifications are really essential to meeting the organization's needs. This is especially important if it is found that only one product, or only one supplier's products, can satisfy the specifications.

## **DONTs**

- a) The PE should not accept any equipment or samples for trial purposes without a disclaimer or removing any legitimate expectation. If there is a need to test any equipment or solution for purposes of prequalification, there must be a proper expression of interest published with clear expectations. Authority must be sought from the relevant adjudication committee. These are products or solutions that require Government to further purchase accessories of in order to be able to use the product.
- b) Suppliers or service providers or contractors must not be given any impression by the Procuring Entities that their services, works or supplies will be procured in order to avoid issues of legitimate expectation.
- c). Market Research stage should be distinct from the procurement stage.



## FIVE STEPS PROCESS

**1. Define The Requirement.** A key element in any successful Market Research program is clear communication of requirements among Government and Industry personnel involved in procurement planning. Clear and concise statements of the requirements should describe the user's needs. The procurement officer should work directly with the end-user to ensure requirements are realistic and definable. Where the user is unable to specify how its requirements are to be fulfilled, the user can request the market to submit existing viable solutions to its requirements. *(See Appendix A)*

**2. Gather Historical Information.** If the supplies or services or works being procured is related to a follow-on procurement, review the historical procurement files and databases to gather relevant information pertinent to a prior procurement or a specific Market research program. If historical data has identified a previous Market Research report, the information from that report should be updated and used when developing a Market Research strategy to effectively streamline follow-on Market Research activities. *(See Appendix B)*

**3. Conduct Market Research Activities.** As part of developing a market research strategy, the procurement team needs to decide exactly what Market Research activities and available tools should be used to conduct the market survey and document the results accordingly in the Market Research report. These activities can include an informal survey of the market sector through telephonic or face-to-face meetings, a detailed search of the commercial marketplace through Internet search queries, or networking with other professionals and associations involved in a specific market sector. In undertaking market research, the following steps need to be followed:

- a) Define the objective of the market research
- b) Determine the research method, for example, survey/structured questionnaires, focus group, industry panels, pre-bid conferences, one-on-one meetings, attend Exhibition panels with members from public and bidding community
  - Identify and choose a sample - who to collect data from and where to find them
  - Identify the types of data needed to conduct the analysis which will dictate the structure of questions to ask.
  - Decide where to conduct research - telephone, one-on-one meetings, email, internet, etc.
- c) Design & Prepare the questionnaire – prepare questions
- d) Administer and collect data
- e) Analyze data
- f) Document the data and communicate results

*(See Appendix B and Appendix D)*

**4. Prepare Market Research Report.** The Market Research Report provides current market data to support the Government's procurement strategy decision making process. The procurement staff should document the Market Research activities conducted and resultant findings in a Market Research Report. Documenting Market Research findings enables the sharing of information across

Ministries particularly for common user items, eliminates or minimizes duplication of effort, facilitates organization of research results, preserves the historical record, and provides the basis for the procurement strategy and commercial decisions. The Report must clearly show that the Market Research activities conducted are adequate to reasonably support the procurement strategy developed by the procurement team. The report may be shared with the relevant authority such as Tender Committees or PPAD Board where required to justify any procurement strategy. *See Appendix C.*

**5. Archive The Market Research Report.** The Market Research report should be stored in the contract file. This document can be used to defend the procurement strategy when protests or audits are executed against a specific contract and provides evidence of compliance to the requirements. The procurement officer should provide a copy of the Market Research Report for upload into the Market Research database (*this should be developed by each Procurement Unit*), which should be accessible by all procurement personnel to support Market Research data sharing opportunities.

#### **IV. CONCLUSION**

1. Market research may be conducted for any type of procurement to assist Procuring Entities in establishing available options in terms of technology, products offering, pricing, lead times for delivery, warranties, among others. It can be done in-house or through experts for high value complex procurement to ensure the attainment of best value and desired procurement outcomes.
2. For low value common user items, the Price Guide should be used.
3. Market research is therefore permissible and should precede the procurement stage. It can also be done with a view to prequalify.
4. In conducting market research, care should be taken to engage in a fair and transparent process to guard against allegations of biased procurement based on favoured providers.

## APPENDIX A

### MARKET RESEARCH FORM1

#### 1. Definition of the Project:

- (1) Organization needs / End-User needs(determine goals of the Organization / end-user)

.....  
.....  
.....

- (2) Project Objectives.....

.....  
.....  
.....

- (3) Industry capabilities (explain further)

.....  
.....  
.....  
.....  
.....

- (4) Progress to meet that organization's desired set of information needs?.....

.....  
.....  
.....  
.....  
.....  
.....

#### 2. Definition of Details required (Specifications / TOR / scope of works?)

.....  
.....  
.....  
.....  
.....  
.....  
.....

*NOTE: Sample question below will provide you with details of what to ask for.*

### Sample Questions to Answer

When conducting market surveillance one should seek to answer the following questions:

**1. What is my organization's short term or current/recurring needs (current fiscal year)?** As an example, one might think in terms of office supplies, replacement lab equipment, updated computer software and hardware.

**2. What are the organization's long term strategic needs (advances needed to further organizations goals)?** Examples of these types of requirements might be an expendable launch vehicle for a satellite, an integrated software program to manage the organization's financial matters, new lab facilities (building and equipment).

**3. What are the industry's current products and service capability?** What was produced in the past or what is being worked on

**4. What new development programs is the market offering?** Research and Development activities and specific developmental work being conducted for outside organizations.

**5. What trends are noticed within the industry?** Retention of highly qualified technical personnel for research activities, industry moving towards autonomous facilities for manufacturing, swift introduction of latest technology in the industry, increasing competition from foreign firms, or increases or decreases in product or service quality.

**6. Who are the industry leaders in terms of performance, quality, price, delivery capability, capacity, depth of products or services, etc?**

**7. What are the industry's levels of quality and ability to maintain quality products and services?**

The previous questions are not meant to be all inclusive but rather as examples. Each organization needs to determine what their own goals and objectives are and how to best capture industry capabilities and progress to meet that organization's desired set of information needs. It is essential that an organization performing an on-going market surveillance activity develop a data base to capture all activities within the organization, as well as maintaining ties and possibly sharing information with other organizations within an agency and across agencies or departments to ensure maximum efficiency and needless duplication of effort.

When conducted as part of an agency's continuing market surveillance, market research can help the department to more realistically forecast the relative merits of developing or acquiring products and systems based upon current assessments of existing systems and technologies, production processes and capacities, and distribution and support capabilities.

## APPENDIX B

### COLLECTING MARKET DATA

#### Catalogues, Periodicals, and Other Sources

1. Listed below are some readily available, easily accessed sources that provide product and industry data.

- a. Business Botswana Business Directory – An alphabetical listing of companies' addresses and phone numbers; product listing; description of products; and manufacturers of products.
- b. Vendors files – Identify suppliers; distributors; subcontractors; representatives of products; brochures; and past and present Government contracts.
- c. Mandatory and optional schedules – List products and services; suppliers; prices; contract period; and ordering information.
- d. Trade journals –Address products; price information (i.e., trends in the immediate area, price escalations, etc.); Government needs vs. commercial needs.
- e. Consumer Price Index – Published monthly by the Statistics Botswana. The CPI provides a guide to changes to "retail" prices. It is used as a price adjustment factor in some areas of procurement (leasing in particular) and as a general gauge of inflation. However, the Producer Price Index is usually a better source of data on price trends for the Government, since the Government is usually a "wholesale" buyer.
- f. Producer Price Index – Published by the Statistics Botswana. It tracks changes in the prices which producers receive from the initial commercial purchasers of their products. It reflects the selling prices of selected manufacturers. The prices are generally f.o.b. origin for immediate delivery.
- g. PPADB Price Guide / Catalogue for Common User Items
- h. Specialized Publications – These publications offer current market information regarding products and their suppliers.
- i. PPADB Contractor Registration Register
- j. Business Directory published by Ministry of Investment Trade and Industry
- k. Women Business Directory published by Ministry of Labour and Home affairs
- l. Directory for Youth Owned Businesses published by Ministry of Youth Sports and Culture.

2. Other sources of information include but not limited to these:

- a. Yellow Pages
- b. Consumer Reports on-line
- c. Procurement directories

- d. Commodity indices
- e. Web based market research
- f. Product brochures and promotional literature
- g. Catalogues published by manufacturers, distributors, and dealers
- h. Any other information sources that are industry specific to provide the required data.

**3.** The following information sources and search techniques may be beneficial, along with Internet sources listed in the following section.

- a. Pre-qualification notices in the Government tenders.
- b. Review of acquisition history and exchange of acquisition information, including source lists.
- c. Solicitation mailing lists, qualified products lists, and qualified bidder's lists.
- d. Review of the results of recent market research undertaken to meet similar or identical requirements.
- e. Contacting experts regarding specific market capabilities.

**4.** Effective market research enables you to shape a procurement package to fit market conditions and encourage responses from the sources most capable of meeting the requirement.

## APPENDIX C

### MARKET RESEARCH REPORT TEMPLATE

Please note that the depth of market research conducted and documented in this report should be commensurate with the nature and complexity of the acquisition.

#### I. POLICY.

This report is submitted in support of:

- \_\_\_\_\_ a new requirement;
- \_\_\_\_\_ an acquisition with an estimated value in excess of the formal tender threshold;
- \_\_\_\_\_ an acquisition with an estimated value less than the formal tender threshold where adequate information is not available to develop the requirements package and the circumstances justify the cost of performing the market research;
- \_\_\_\_\_ an acquisition that could lead to a bundled contract.
- \_\_\_\_\_ other: .

**II. BACKGROUND.** Please note that the codes identified in fields 2 through 4 below will be used when advertising this requirement. It is important to verify the accuracy of these codes, since advertising under incorrect codes is a violation of the principle of Competition in Contracting / PPAD Act.

1. Title: \_\_\_\_\_  
(Provide a brief description of the requirement (Statement of Need) to include any relevant procurement history.)

2. Product or Service Code \_\_\_\_\_

3. Classification System (if available) \_\_\_\_\_

4. Standard Industrial Classification (SIC) Code \_\_\_\_\_

5. Estimated Contract Value (including options): \_\_\_\_\_

#### III. MARKET RESEARCH SOURCES.

6. In accordance with Section 3.7 (k) of the PPADB Operations Manual 2014 (as amended), market research has been conducted for this procurement. The following techniques were used (Check all that apply and provide a narrative of the nature of the information obtained and the contact information identified for each reference checked below):

\_\_\_\_\_ Applying personal knowledge in procuring supplies/services of this type. (Provide a narrative describing the nature of your personal knowledge)

\_\_\_\_\_ Contacting knowledgeable individuals in Government and industry regarding market capabilities to meet requirements. (Identify method and date of communication/name/title organization/e-mail/phone)

\_\_\_\_\_ Reviewing the results of recent market research undertaken to meet similar or identical requirements. (Cite Contract or Order number/period of performance/names of past contractors/prices paid/other information and date)

\_\_\_\_\_ Publishing formal requests for information or expression of interest in appropriate technical or scientific journals or business publications. *(Identify name of journal(s)/publication(s)/date published)*

\_\_\_\_\_ Querying the Government wide database of contracts and other procurement instruments intended for use by multiple agencies available at [www.contractdirectory.gov](http://www.contractdirectory.gov) and other Government and commercial databases that provide information relevant to agency acquisitions. *(Identify URL of database(s)/name of procurement instrument(s) identified)*

\_\_\_\_\_ Participating in interactive, on-line communication among industry, acquisition personnel, and customers. *(Identify name/title organization/e-mail/phone/description of the nature of the forum)*

\_\_\_\_\_ Obtaining source lists of similar items from other contracting activities or agencies, trade associations or other sources. *(Identify name/title organization/e-mail/phone and the resultant source list)*

\_\_\_\_\_ Reviewing catalogues and other generally available product literature published by manufacturers, distributors, and dealers or available on-line. *(Identify catalogue and/or product literature)*

\_\_\_\_\_ Conducting interchange meetings or holding pre-tender conferences to involve potential bidders early in the acquisition process. *(Identify nature of interchange / date / location / list of attendees by name, title, organization, e-mail, and phone)*

\_\_\_\_\_ Conducting market survey. *(See Script and Questions/Answers)*

\_\_\_\_\_ Other: \_\_\_\_\_

#### **IV. COMMERCIAL ITEM DETERMINATION.**

7. Based on the results of the above research, it is determined that this requirement:

\_\_\_\_\_ can be met by commercial items, commercial items with customary or minor modifications, or non-developmental items.

**OR**

\_\_\_\_\_ cannot be met by commercial items, commercial items with modifications or non-developmental items. Further, a re-evaluation has been made in accordance with Regulations and this requirement cannot be modified to permit fulfilment by any of the above types of items.

**OR**

\_\_\_\_\_ can be met by using a combination of commercial/non-commercial items as specified.

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_



## **V. MARKET RESEARCH FINDINGS.**

The purpose of this section is to describe the extent to which the description of work reflects customary commercial practices. Ideally, the requirement is to be presented in a manner parallel to how such requirements and solicitations are done in the commercial sector to avoid inhibiting competition or confusing the market..

This section should document what was found during market research (Findings) and how that practice or procedure was incorporated into in the solicitation document (Impact). It is important to show the extent to which customary commercial practices are reflected in the requirements. Possible areas of impact are highlighted below, but these items are not intended to limit areas of possible impact in any way. Continue on additional sheets as necessary.

8. Standard industry terms and conditions (e.g. warranty, maintenance, discounts, buyer financing, freight, delivery, acceptance/rejection, etc.) under which commercial sales of the required supplies/services are made:

### **- METHODS OF CONTRACTING.**

Findings.....  
.....  
.....

Impact. (*Extent to which requirement is being competed/Evaluation factors/Contract type/Acquisition lead time*).....  
.....  
.....  
.....

### **- SPECIFICATIONS / DESCRIPTION OF WORK.**

Findings.....  
.....  
.....  
.....

Impact. ....  
.....  
.....  
.....

### **- PRICING FACTORS.**

Findings.....  
.....  
.....  
.....

Impact.....  
.....  
.....  
.....

**- CONTRACTOR'S QUALITY CONTROL TECHNIQUES.**

Findings.....  
.....  
.....  
.....

Impact.....  
.....  
.....  
.....

**- REMEDIES FOR NONCONFORMING SERVICES.**

Findings.....  
.....  
.....  
.....

Impact.....  
.....  
.....  
.....

**-TERMINATION.**

Findings.....  
.....  
.....  
.....

Impact.....  
.....  
.....  
.....

**- PAYMENTS.**

Findings.....  
.....  
.....  
.....

Impact.....  
.....  
.....  
.....

**- WARRANTIES.**

Findings.....  
.....  
.....  
.....

Impact.....  
.....  
.....  
.....

**- DISCOUNTS.**

Findings.....  
.....  
.....  
.....

Impact.....  
.....  
.....  
.....

**- FREIGHT.**

Findings.....  
.....  
.....  
.....

Impact.....  
.....  
.....  
.....

**- DELIVERY.**

Findings.....  
.....  
.....  
.....

Impact.....  
.....  
.....  
.....

9. Laws or regulations unique to the required supplies/services:

- **Insert citation.**

Findings.....  
.....  
.....  
.....

Impact.....  
.....  
.....  
.....

## **VI. RECOMMENDATIONS.**

10. Based on the above information, the basic clauses and provisions prescribed in the Regulations are sufficient for use in this acquisition and do not require any tailoring to be consistent with industry's commercial practices.

**OR**

\_\_\_\_requires tailoring to be consistent with industry's commercial practices as noted below. All such tailoring will be included in the bidding document issued for the required supplies/services.

- **Identify affected clause/provision paragraph and your recommended change(s).**

11. Based on the above information, the following sources (minimum of three) appear qualified and interested and are recommended to support this requirement (*For each source, identify the company name / company address / e-mail address /phone number*):

- **Company A**.....

- **Company B**.....

- **Company C**.....

Prepared by:

\_\_\_\_\_  
Procurement Unit Manager/Date

Endorsed by:

\_\_\_\_\_  
Accounting Officer/Date

## APPENDIX D

### SAMPLE MARKET RESEARCH RESULTS TEMPLATE

for

(This represents responses from market research surveys and should be provided to the contracting office with the requirements package. *Tailor make as necessary.*)

Market Research Questionnaire	Company A	Company B	Company C
1. What is the average performance period?			
2. What is the total value of all current contracts?			
3. Are contractor personnel full time, part time, or seasonal?			
4. What training provisions do you have in place?			
5. Are contractor quality control requirements in contract?			
6. Are there activity quality assurance requirements?			
7. Are there acceptance provisions in contract?			
8. Has there been any rejected work because of non-conformance?			
9. Does the contract allow for re-performance of services?			
10. What are the basic termination provisions?			
11. Does contract allow for special events?			
12. Are there provisions for claims and disputes?			
13. Are there provisions for changing terms of the contract?			
14. Is there on-site supervision? How many?			

15. Are there insurance / bond requirements?			
16. Is the bid schedule per item or price per month?			
17. Does the contractor furnish supplies, equipment, supervision, tools, etc?			
18. Will there be contractor reports to the Government representative? How often?			
19. (For products only) What are the historical repair costs?			
20. (For products only) What are the maintenance costs?			
21. (For products only) What is the life expectancy?			
22. Who else sells this product/service?			
23. Would you be willing to submit a quote if contacted by the Contracting office?			
24. Are you likely to subcontract any part of the work?			
25. What are the acquisition alternatives (e.g., GSA, etc?)			
26. What are the current distribution channels?			
27. What are the lead times required to procure the product/service?			
28. Are there any additional charges for special packing and packaging?			
29. Can you send me a copy of your typical performance work statement?			
30. What type of contract is generally used?			
31. What warranty provisions are available? At what cost?			
32. Is there a cyclical pattern to supply and demand?			

33. Have there been any recent changes in the market impacting on supply and demand?			
34. What are the pricing strategies of firms in the market?			
35. Are there any forces that might drive prices in the near future?			
36. Does volume have an impact on lower market pricing?			
37. Will awarding at a later time result in lower prices?			
4538 Anything "UNIQUE" about this contract?			
39. Other.			

## **MANAGEMENT OF DONATIONS IN PUBLIC PROCUREMENT**



## **MANAGEMENT OF DONATIONS IN PUBLIC PROCUREMENT**

### **1. BACKGROUND**

A donation is a goodwill gesture. It can come as a gift in the form of services, supplies and works or in monetary form with the objective of improving service delivery. The donations to Government are meant to provide support to the nation following a call by the leadership for assistance from different agencies mostly charitable agencies around the world that identify what is required and then provide assistance. Donations are also provided by local companies who respond to the call by the Government for assistance given that the Government cannot afford to fund all the needs of its people. These include the “adopt-a-school” program, Presidential Housing Appeal, etc. Some other types of donations are found in the medical field in the form of equipment. However guiding principles relating to the management of donations need to be defined to ensure that Botswana accepts useful donations that are in good condition and are needed to meet an identified gap. Donations to Government currently include scientific equipment, vehicles, computers, drugs and other vital and essential goods.

Donor policies have to some extent influenced the pattern of equipment procurement. In most cases, donations tend to circumvent the selection and procurement systems of the recipient country, where such systems exist. As a result, little consideration is usually given to actual local requirements, user-staff capability, level of technical expertise and maintenance affordability. Even local manufacturer representatives and equipment distributors capable of providing after-sales support are usually bypassed in favour of donors. Further problems related to equipment calibration and operation, purchase of consumables and availability of spare parts may transform the donated equipment into a burden, rather than an asset, to the recipient institution, district or region.

Unsolicited donations are undesirable and should be carefully assessed to avoid waste associated with keeping products or services that are not really needed or are too costly to maintain hence the need to ensure that proper and careful assessment is done, on received unsolicited donations, in order to establish their useful life considerations and possible disposal to those who may benefit most from such donations.

National and institutional guidelines will help avoid difficult situations where a recipient is obliged to accept a donation simply because it has already arrived and out of respect for, or politeness, to the donor. Recipients need to share information with prospective donors on the kind of assistance they need and how they wish to receive it. Most donors will appreciate this, if given the opportunity to make their contributions within clearly defined institutional and organizational frameworks.

## **2. PRINCIPLES OF GOOD DONATION**

Five underlying principles, which form the core of *Good Donation Practice*, are as follows;

- 1) Donations should benefit the recipient to the maximum extent possible. Therefore all donations must mainly be based on an expressed and validated need. Unsolicited donations usually violate this principle, and are to be discouraged. The unsolicited donations must however be checked for acceptability by assessing their total life cycle cost to ensure sustainability.
- 2) Donations should be given with due respect for the wishes and authority of the recipient, and in conformity with government policies and administrative arrangements of the recipient department/institution.
- 3) There should be no double standard in quality. If the quality of an item is unacceptable in the donor country, it may be unacceptable as a donation. However the recipient national standards should be used to assess and accept the donations.
- 4) There should be effective communication between the donor and the recipient, with all donations made and accepted according to a plan formulated by both parties.
- 5) Donors should assist without any condition or expectation to receive any form of reward from the recipient.

## **3. DONATIONS IN EQUIPMENT**

The situation with equipment is more complex than with other donated items, such as food and clothing. Equipment is used to provide a service, and so a holistic approach must be adopted to assess it. Besides the quality of the equipment, availability of consumables and other items required for this service must be factored into the donation assessment process.

It should be recognized that equipment is not delivered into an administrative vacuum. Donations should not create an abnormal situation which may obstruct or delay national or institutional capacity building in selection, procurement, storage, distribution, rational use and appropriate maintenance of equipment. Special care should therefore be taken that for instance, the donated health care equipment respond to an expressed need, comply with the national or organizational policy (if there is one), and are in accordance with national guidelines or standards in the recipient country, if they exist. The donated equipment should be subjected to the same administrative procedure as if it were procured. This means that they should be registered or authorized for use in the country through the same procedure that is used for government tenders. They should be entered into the inventory and asset register and distributed through the existing distribution channels and be subjected to the same quality assurance procedures.

All donations must be publicly declared to the extent possible and be registered in a centralized donations register for public access in the interest of good governance.

#### **4. HOW TO ASSESS DONATIONS**

Donations should be assessed using a whole-life costing or total life cycle cost approach. This is an approach of calculating costs which includes all costs arising during the life cycle of supplies, services or works. The price of acquisition and all associated costs together with operating and end-of-life costs (including disposal of the asset) are considered in lifecycle costing. It may also include costs assigned to externalities such as greenhouse gas emissions or other environmental concerns. The total life cycle costs give the true cost of acquisition. Donations provided should be subjected to a total lifecycle cost analysis including consumables and compared with similar products in the market. If accepted, it should be used only for the period of its useful economic life. Upgrades should not be automatically accepted unless if exposed to the total lifecycle cost analysis and compared with other equipment in the market. It is important that the disposal of such equipment or item be considered. This is the time that disposal procedures may be discussed with the donor to ensure that the relevant authorization and permits are known upfront or at the least guidance should be provided by the PE and donors to deal with these issues when they crop up. It is also important to note that some equipment or items may need to be returned to the donor or manufacturer or even be disposed of in a prescribed manner for environmental protection. Therefore this liability needs to be clearly defined before receipt of a donation.

## **5. GUIDE TO DONOR AGENCIES**

When donors want to donate scientific equipment, vehicles, computers, drugs and other vital and essential supplies to any government agency, it will be prudent to assess what facilities and capacity of the resources are available in order to ensure that the equipment will be used sustainably to benefit the beneficiary. There must be maintenance support in the form of trained technicians, suppliers of consumables and the availability of consumables in the country. For continued support, the equipment must be environmentally safe and use generic consumables that are readily available in the local market in order to minimize the cost of operating the equipment. The alternate consumables for the equipment should be readily available. If the consumables are equipment linked, more information on the volumes required and the total cost for the life of the machine as the additional cost of acquisition to be able to deliver service should be availed. The recipient should assess all the costs of keeping donations vis-à-vis of procuring such equipment from the market through a competitive process.

## **6. EXCEPTIONAL CASES**

Where an unsolicited donation has been accepted under exceptional circumstances which could be at strengthening diplomatic ties between Governments, the donation should be received and still be subjected to the same total life cycle cost assessment on arrival and a decision taken on whether to keep or to dispose of the donation. The decision remains with the Accounting Officer.

## **7. PERISHABLE CONSUMABLES**

Donations that are perishable in nature such as food need to be handled with care and subjected to all food safety standards to ensure the safety of consumers by the recipient.

## 8. SUMMARY

The process can be summarized step by step as follows;

1. Identify the needs – needs analysis
2. Identify donors
3. Provide the donors with details of what facilities and other resources are available to ensure optimum utilization
4. Assess unsolicited donations for usefulness and compare costs of keeping donations with those of acquiring new supplies, services or works.
5. Assess capacity internally to support the use of the donation.
6. Assess total life cycle cost
  - a. Cost of consumables required
  - b. Repair and maintenance service availability
  - c. Expected economic life of the machine
  - d. Expected volume of usage
  - e. Cost of maintenance and support, together with associated records
7. End of life conditions of Disposal.
  - a. Cost of disposal
8. Does the Department have a budget to sustain the equipment over its economic life?
9. Accept Donation or Not Accept.
10. The Accounting Officer or their Senior Representative is responsible for managing donations
11. The donation must be included in the Inventory and Asset Register of Government.  
Donations should also be registered for public information.

The PPADB and its Tender Committees will support the procurement of maintenance, repair and operation costs only if furnished with Assessment Reports pertaining to the acceptance of donations to ensure that donations are not used to circumvent the procurement process in Government paying to pay downstream costs which are too heavy.