

Public Procurement Procedures Handbook

Glossary of Terms

Whenever used in this Handbook, each of the following terms shall have the indicated meaning, unless the context within which such a term appears clearly intends another meaning.

Accounting Officer: Administrative Head of a Government Ministry or Department who is accountable for all procuring activities of the Procuring Entity (formerly Permanent Secretary).

Advertising: Statutory requirement to advertise a tender in newspapers, websites, international tender sites, the Government Gazette, etc.

Advance Payment: Payment to a supplier in the case of a major infrastructure or an industrial project or a long-term arrangement.

Aggregation: Process by which procurement requirements for same or similar goods or services are aggregated together to gain economies of scale and obtain the most advantageous conditions

Arbitration: Method of settling a dispute between the parties involved in a contract by referring it to one or more neutral persons, selected by the parties, for a decision.

Asset Disposal: Formal process of disposal of public assets which are no longer of use to a Procuring Entity by any classified means, including sale, rental, lease, licenses, tenancies, franchises, auction or any combination thereof.

Award: Process of awarding a contract to a bidder after selecting the tender/offer that is determined to be substantially responsive to the tender documents and is the most advantageous.

Best Practices: Generally accepted international or regional standards applied to the public procurement function.

Best Value: Optimum combination of whole-life costs including price, delivery time, quality, and/or implementation costs, ongoing operating costs, and end-of-life disposal depending on the nature of the procurement, as well as environmental sustainability and socio economic matters.

Bid (or Tender): An offer submitted in response to an invitation for bids, or invitation to tender, under a competitive bidding process. In this Handbook, the words Bid or Tender are interchangeably used.

Bidder (or Tenderer): Natural or legal person, or group of such persons submitting a bid to a Procuring Entity with a view to concluding a contract for goods, works or services. In this Handbook, the words Bidder or Tenderer are interchangeably used.

Bidding Documents: Standard documents elaborated by the Procuring Entity for the purpose of procuring goods, works, services or consulting services. These documents are standardised and must be utilised by Procuring entities. They are

composed of, but not limited to, an Invitation to Bid, Instructions to Bidders, Bid Data Sheet, General Conditions of Contract, Specific Conditions of Contract, Technical Specifications, Schedule of Requirements, etc.(also called Tender Documents)

Bid Evaluation: Analysis of bids/offers received by the Procuring Entity to appraise and assess the most advantageous and competitive offer. In this Handbook, the words Bid or Tender Evaluation are interchangeably used.

Bid Opening: In procurement through competitive bidding, the opening and reading of tenders/offers conducted at the time and place specified in the bidding documents, and in the presence of anyone who wishes to attend. In this Handbook, the words Bid or Tender Opening are interchangeably used.

Bill of Quantities: Description and quantitative estimate of all materials and/or other supplies which will be required for a proposed construction project or production of equipment (usually custom designed).

Breach of Contract: Failure of the supplier or purchaser, without a legally excuse, to carry out his part of the duties and obligations as implied by the terms and conditions of a contract.

Conflict of Interest: Situation where personal or business interests of a party could affect the outcome of a transaction through the non-declaration of that interest.

Consultant: Natural or legal person who is an expert in a specialised field and using their professional skills to study, design and/or organise specific projects, advice, conduct training and transfer knowledge.

Consulting Services: Intellectual or advisory services provided by a Consultant under a service contract.

Contract/Government Contract: Written or oral agreement for the procurement or sale by the Government of goods or services, or a combination of both, setting out conditions, specifications or description of the goods or services.

Conditions of Contract: General Conditions of Contract are fixed and never altered. Any alterations are normally included in the Special Conditions of Contract.

Direct Procurement Method: Method of procurement that does not require the use of the competitive bidding (Single source procurement).

Eligibility: Legal and objectives criteria set up for bidders/tenderers. If not met, tenderers will not be allowed to tender or their tenders/offers already submitted will be rejected.

Expression of Interest: Statement received from a bidder/tenderer, usually in response to a public advertisement, invitation to tender or prequalification, for the supply of specific goods, works or services, confirming the interest of the tenderer in making an offer to supply the goods, works or services.

Framework Contract: Contractual arrangement which allows the Procuring Entity to procure works, services or supplies that are needed continuously or repeatedly, at an agreed price, over a period of time.

Goods: Raw materials, products, equipment, and commodities in solid, liquid or gaseous form, including perishables, or software and electricity, and also services (excluding Consulting Services) such as transportation, maintenance, and warehousing.

International Competitive Bidding: Procurement procedure where tendering is open to all local or international legal entities interested to submit a tender.

Invitation to Bid: Initiates the process of competitive bidding, in which bidders are invited to submit sealed offers for clearly defined procurements. The invitation may be either open to all interested bidders or restricted.

Limited Tendering Procedure: Tendering procedure of procurement or sale whereby no tender is called by the Government or suppliers are invited individually to submit a bid for a contract.

Market Analysis: Information required to make an assessment of market conditions such as demand and supply conditions, prices, discounts, etc. to enable a purchaser to make the right purchase decision.

Offer: Positive answer issued by a bidder in response to a tender invitation, or an announcement to deliver goods, carry out works and/or services to a purchaser without a specific request or invitation to tender.

Open Tendering Procedure: Procurement or disposal method, open to competition and participation by all providers, through advertisement.

Performance Bond/Guarantee: Contract of guarantee executed subsequent to award by a successful supplier to protect the purchaser from loss due to the supplier's inability to complete the contract as agreed.

Prequalification: Screening of potential suppliers with reference to predetermined criteria, such as technical and financial capability, reputation, reliability, etc., in order to develop a list of suppliers qualified to bid/offer to whom alone the bidding documents may be sent.

Procurement: Acquisition of goods and services, contracting of works, purchasing, and buying, renting or leasing, and the management thereof, in accordance with specific methods and procedures, by the Government. The term procurement and public or government procurement in this handbook shall have the same meaning and vice versa.

Procurement Process: Successive stages in the procurement cycle including planning, choice of procedure, measures to solicit offers from bidders, examination and evaluation of such offers, award of contract and contract management.

Procuring Entities: Contracting public authorities including central and local authorities, at District and Town/City level, and bodies governed by public law and authorised to make use of public funds.

Purchaser: Tenderer/bidder whose bid/offer has been selected for a sale contract under Disposal of Asset process.

Request for Quotation: Solicitation used by Procuring Entities for low-value procurement, usually not advertised, and inviting suppliers to bid on specific goods or services whose price falls under a specific threshold

Services: General (maintenance) or consulting (intellectual or advisory) activities carried out by a supplier or consultant to achieve contractually fixed results. Mixtures of supplies and services are usually put in the category to which more than 50% by value belongs.

Standards: Established norms or requirements; usually a formal document that establishes uniform engineering or technical criteria, methods, processes and practices.

Sub-Contractor: Person or firm who enters into an agreement with a prime (main) contractor and undertakes to perform a part of the prime contractor's obligations with reference to the main contract.

Supplier: Tenderer/bidder whose bid/offer has been selected for a procurement contract.

Technical Specifications: Technical requirements defining the characteristics of works, material, product, supply or service, and enabling a piece of work, a material, a product, a supply or a service to be objectively described.

Tender Documents: Set of documents issued by the Procuring Entity which establish the object of procurement (the technical specifications and/or the terms of reference), specify proposed contract conditions and the procurement procedure to be followed.

Terms of Reference: Standardised scope of work issued by the Procuring Entity for a service contract, equivalent to the specification of goods in a contract for the purchase of goods, and giving the definition of requirements and/or objectives of the consulting services, including, where applicable, the methods and means to be used and/or results to be achieved.

Threshold: Represents the highest nominal amount for applying a procurement method, irrespective of any other considerations.

Two-Envelope System: Tendering option for the selection of the most advantageous bid, in two separate envelopes, both of them sealed and clearly marked. The first envelope contains the technical proposal, the second one the price proposal.

Works: Activities associated with civil engineering, such as construction, demolition, repair, or renovation of a building, road, or structure. Works may include materials, installation of equipment, and services incidental to Works, provided that the value of those services does not exceed the value of the Works themselves.