

Key Highlights

Procurement Analysis Report August 2020 to July 2021

Government Tender Board Decisions

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Disclaimer

The Fiji Government is committed to quality service to its customers and makes every attempt to ensure accuracy, currency and reliability of the information contained in this publication. However, changes in circumstances over time may impact on the veracity of this information.

NOTE ON PROCUREMENT ANALYSIS

August 2020 to July 2021

This analysis is being prepared to assist the Government Tender Board (GTB), Fiji Procurement Office (FPO) staff, internal Ministry of Economy staff and other internal stakeholders with procurement decisions and analysis. The goal is to provide stakeholders with relevant information on the tender activities to assist them in future decisions.

The analysis is based on GTB approved procurement data. This report has been prepared in accordance to international best practices. A wide range of data is provided to assist stakeholders to make their own evaluations.

While we have included our own evaluations, we point out that our analysis looks at the key focus areas for FPO. Different stakeholders will view the data differently and we encourage you to look at this report holistically.

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BACKGROUND

Fiji Procurement Office (FPO) formulates policies, provides advice to Agencies and manages Whole of Government contracts for commonly used goods and services for the Fijian Government.

FPO was established under Regulation 4 of the Fiji Procurement Regulations 2010 and commenced operations on 1 August 2010. The establishment of the Office under the new Fiji Procurement Regulations is a direct result of the re-organization of the Government Supplies Department. FPO comes under the Ministry of Economy.

Functions

The main functions of the Fiji Procurement Office are to regulate and administer the procurement of goods, services and works for the Government. This includes:

- The formulation of appropriate procurement policies and processes that uphold the guiding principle of procurement;
- The processing of all Government tenders for good, service and works valued at over \$50,001;
- The provision of Secretariat Support for the newly established Government Tender Board;
- The provision of logistical support for the administration and distribution of goods purchased from overseas; and
- Conducting compliance assessments of procurement functions and activities across the whole of Government.

The Warehousing and Retail functions that used to be provided by the Government Supplies Department have been phased out.

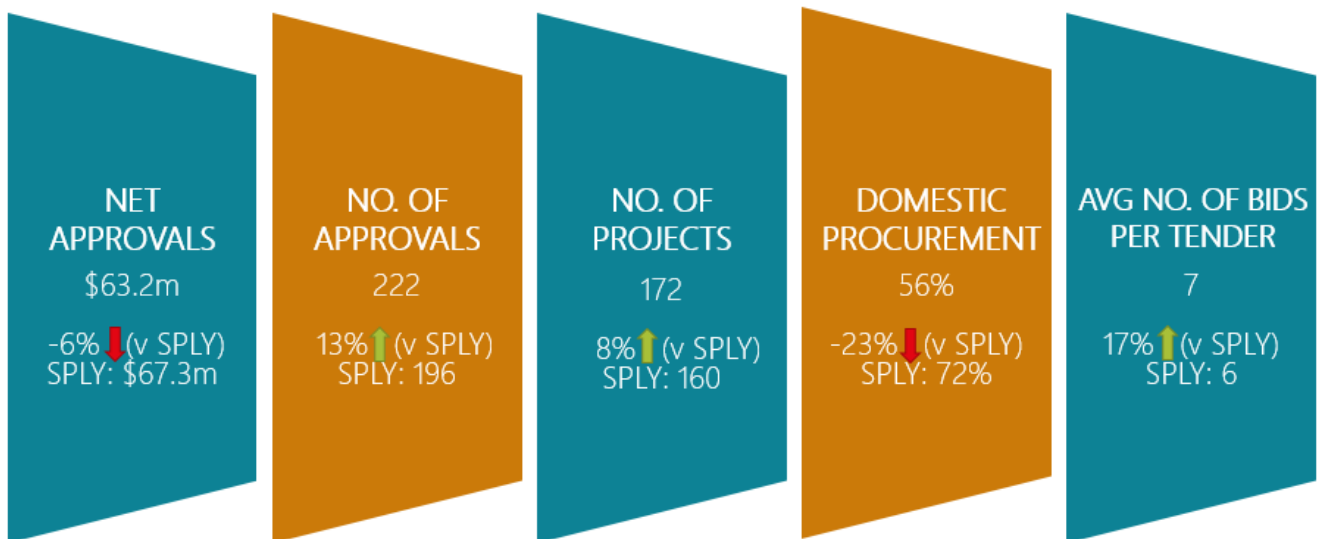
The approval authority for the procurement of Goods, Service & Works above \$50,001 is the Government Tender Board.

Please note that FPO does not administer ICT procurement. This is administered by the Department of Information Technology and Computing Services.

REPORT SUMMARY

The Ministry of Economy through the Fiji Procurement Office runs reports for Government Tender Board and key internal stakeholders. The goal is to provide agencies with relevant information on their tender activities to assist them in future decisions.

Government procurement is necessary to provide for public goods and services to the people of Fiji and help improve the socio-economic condition for every Fijian. Ensuring Government procurement, in particular tenders, is done effectively and in a timely manner is important.



Key Focus Areas



Target closing tenders within 90 days as allowed under Procurement Regulations 2010.

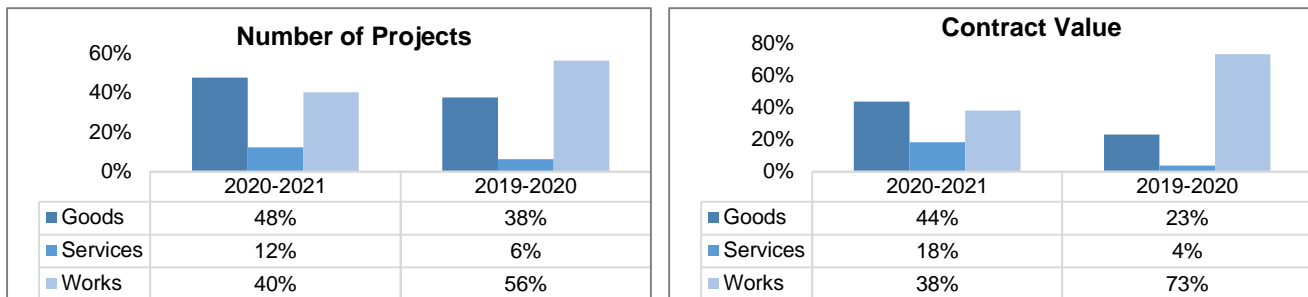
Relook at Procurement Strategy for specialized goods and works. Consider selective tendering or standing offer agreement.

Consider standing offer arrangement for bottleneck items to improve efficiency and reduce administrative waste.

2020-2021 GTB DECISIONS

Details	Aug'20-Jul'21(\$)	Aug'19-Jul'20(\$)	No of Approvals-Aug'20-Jul'21	No of Approvals-Aug'19-Jul'20	% Change in Value	% Change in Approvals
Net total	63,157,485.69	67,293,463.82¹	222	196	-6	13

Goods projects made up the major component of procurement



Category	Number of Projects				Contract Value (\$)			
	2020-2021		2019-2020		2020-2021		2019-2020	
Goods	82	48%	60	38%	27,625,569.67	44%	15,476,052.05	23%
Services	21	12%	10	6%	11,512,140.11	18%	2,556,393.06	4%
Works	69	40%	90	56%	24,019,775.91	38%	49,261,018.71	73%
Total	172	100%	160	100%	63,157,485.69	100%	67,293,463.82	100%

Goods spending accounted for 44% (approximately \$28m), of the total net value of contracts approved in the 2020-21 fiscal year (2019-20: 23%, \$15m). Spending on works was 38% (\$24m, 2019-20: \$49m, 73%).

A 23% reduction in works procurement by project and 38% increase in goods procurement by project was noted. Goods procurement mainly centered on medical equipment and supplies to combat COVID-19.

Overall, there was a 6% drop in total net value of contracts approved in 2020-21 fiscal year compared to the same period last year.

¹ Revised figure.

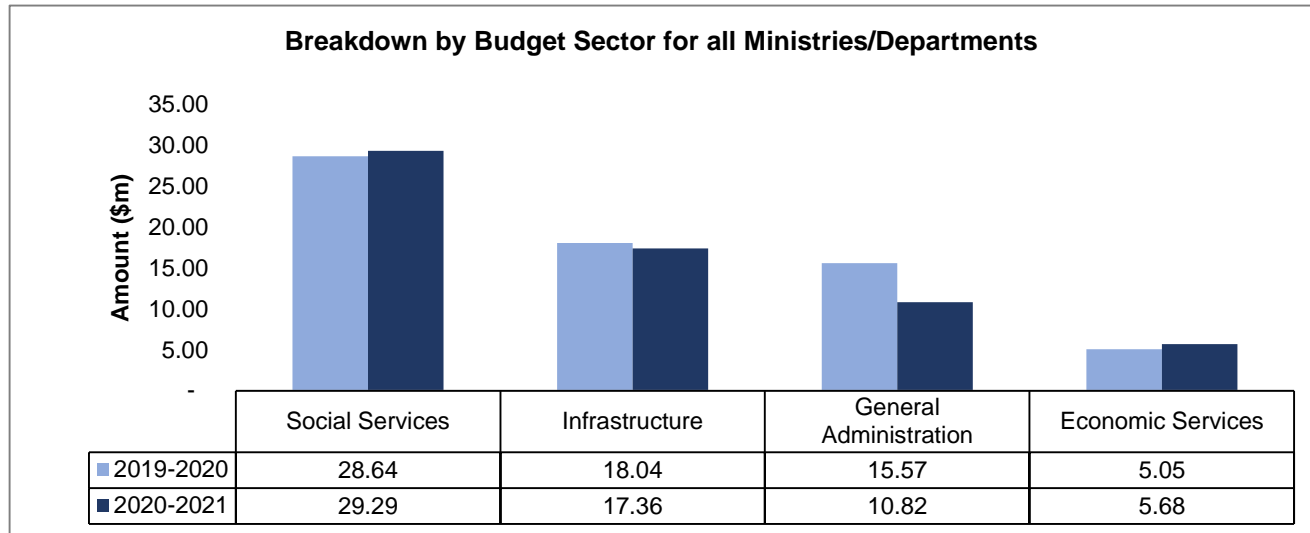
Medical Goods was the major procurement category

The Fijian Government public procurement profile majorly comprised of the Medical Goods and Services segment with 31% of total value of procurement. A table outlining the analysis of Fijian Government procurement categories by value is presented below:

Category	Sub-category ²	(\$)	% of total
Medical Goods and Services	Medical equipment, accessories and supplies	16,079,384.83	25.46%
	Laboratory measuring, observing and testing equipment	3,421,265.11	5.42%
	Others	292,514.12	0.46%
Engineering and Research and Technology	Landfill operations	13,800,000.00	21.85%
	Others	1,724,104.89	2.73%
Construction and Civil Works	Building and facility maintenance & repair services	6,327,485.82	10.02%
	Building and facility construction	2,743,103.57	4.34%
	Others	384,274.34	0.61%
Government administration goods and services	Building cleaning services	6,098,355.84	9.66%
	Domestic Appliances and Supplies	1,629,566.30	2.58%
	Others	1,685,181.48	2.67%
Transportation and Storage	Passenger marine transportation - subsidy	3,528,000.00	5.59%
	Others	1,260,355.64	2.00%
Power Generation and Distribution	Power supply transformers	677,400.70	1.07%
	Others	1,060,247.00	1.68%
Published Products and Services	Educational or vocational textbooks	1,529,304.78	2.42%
	Others	rate based	
Farming, Fishing, Forestry and Wildlife	Seeds, bulbs, seedlings and cuttings	400,001.00	0.63%
	Others	516,940.27	0.82%
Material Handling, Conditioning, Accessories and Supplies	Packaging carton	rate based	
Total (excluding rate based)		63,157,485.69	

² Based on the United Nations Standards Products and Services Code (UNSPSC). This has been localized for easier reference to local projects.

Social Services and Economics Services Sector saw increase in procurement



The 2020-2021 fiscal year saw decreases in public procurement undertaken by the agencies whilst compared to the previous fiscal year due to the ongoing COVID-19 pandemic. General administration and Infrastructure budget sectors experienced drops in procurement projects whilst increases were noted for the Social Services and Economic Services budget sectors.

56% of Government procurement was sourced locally

Country	Goods(\$)	Services(\$)	Works(\$)	Total	%
Fiji	14,532,818.49	10,576,462.80	10,219,775.91	35,329,057.20	55.94
China	rate based	-	13,800,000.00	13,800,000.00	21.85
New Zealand	7,068,378.61	1,476,480.46	-	7,068,378.61	11.95
Australia	4,221,298.96	rate based	-	4,221,298.96	6.68
PNG	852,653.85	-	-	852,653.85	1.35
Germany	-	583,854.00	-	583,854.00	0.92
Japan	514,407.26	-	-	514,407.26	0.81
Switzerland	436,012.49	-	-	436,012.49	0.69
Spain	-	265,090.91	-	265,090.91	0.42
Denmark	-	86,732.40	-	86,732.40	0.14
Netherlands	rate based	-	-	rate based	
Malaysia	rate based	-	-	rate based	
Guam	rate based	-	-	rate based	
Total (excluding rate based)	27,625,569.67	11,512,140.11	24,019,775.91	63,157,485.69	

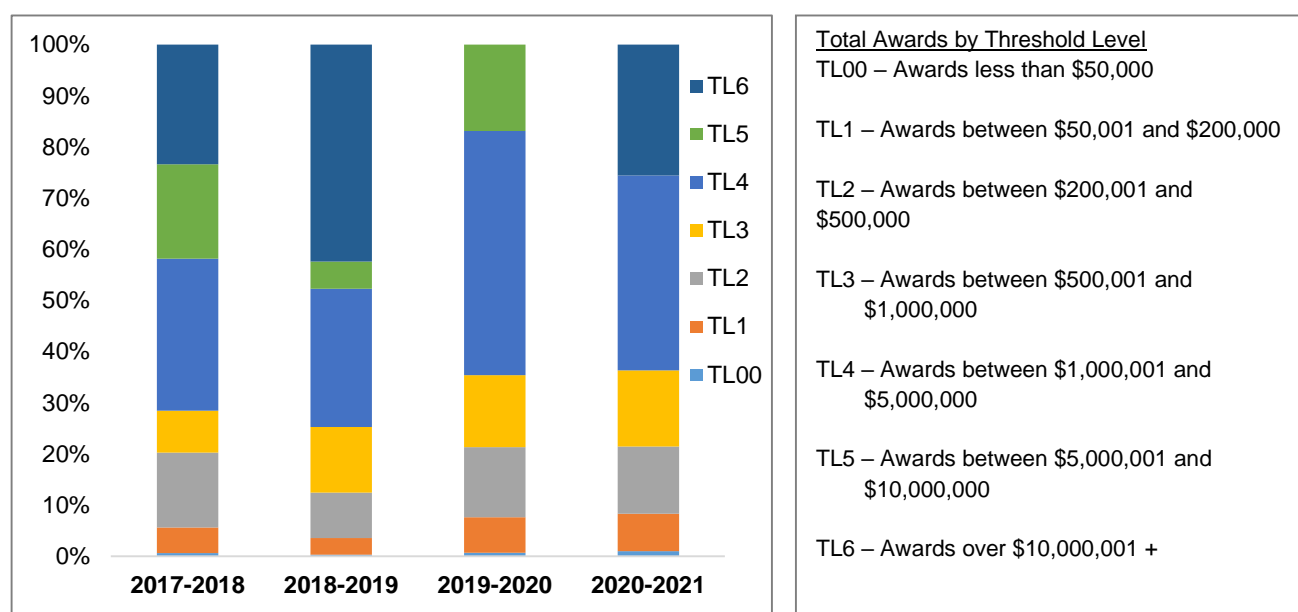
Domestic procurement was at 55.94% for the 2020-2021 fiscal year. There is potential for local business expansion in goods and services areas especially for supply of medical goods & equipment.

Top providers for Government Procurement were Medical Goods suppliers

The medical goods and services segment accounted for most of the top suppliers. These suppliers are specialists for the works they do. In most cases given the size of our procurement we do not hold the buying power so this needs to be taken into account in future procurement.

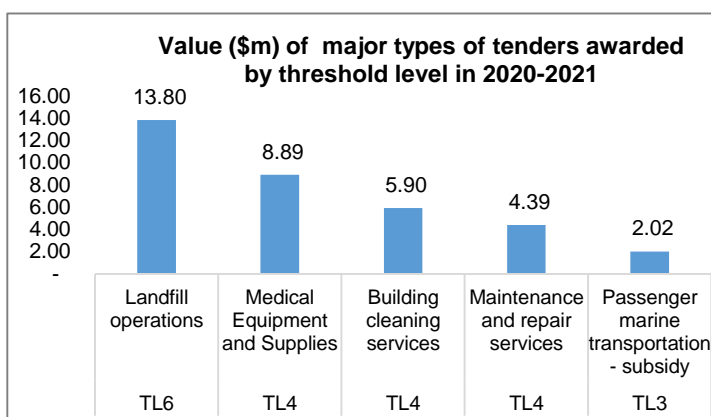
The recommended procurement strategy therefore will be to form partnership through a long term agreement to ensure continuous supply and reasonable price. Two options are available: Selective Tendering: This ensures we deal with the right suppliers only. Standing Offer Agreement: There are opportunities for consolidation in procurement in the medical segment. This will help reduce administrative costs.

Individual tender awards has mainly been between \$1-5m



As categorized above, 38% of all net tenders awarded in 2020-2021 were between \$1m-5m and 26% was between \$5m-10m.

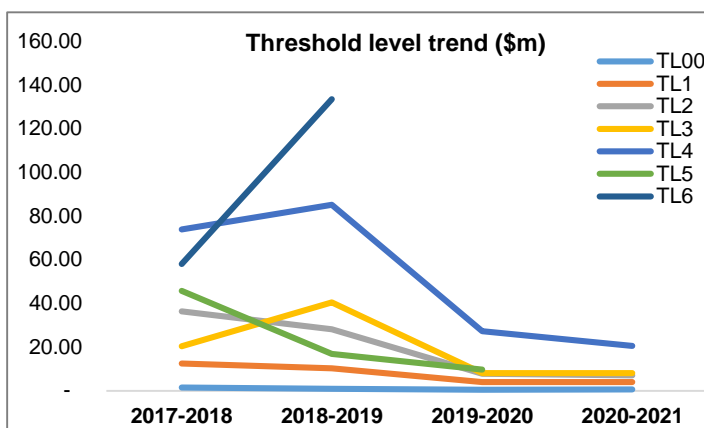
For high value procurement, adequate strategic planning and sourcing must always be practiced to mitigate the risks for these projects.



Tender awards under \$50k are the multi supplier awards for a single tender. Examples are the printing of textbooks for academic purposes, supply of medical equipment and supply of seedlings.

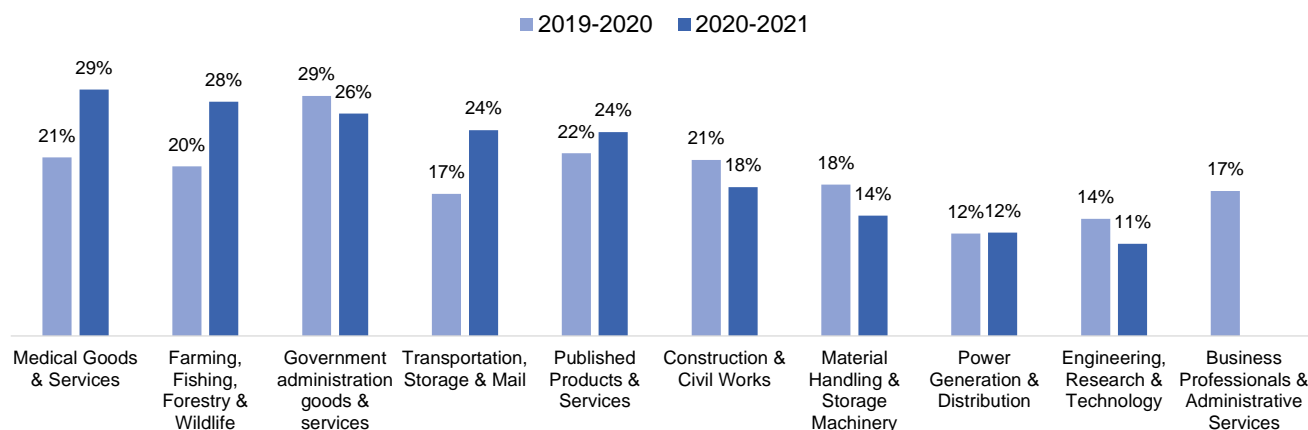
In addition, over the years the Fijian Government tendering procurement has mainly centered between \$1m-5m.

On an upper scale, a decreasing trend has been noted for procurement value between \$5m-10m.



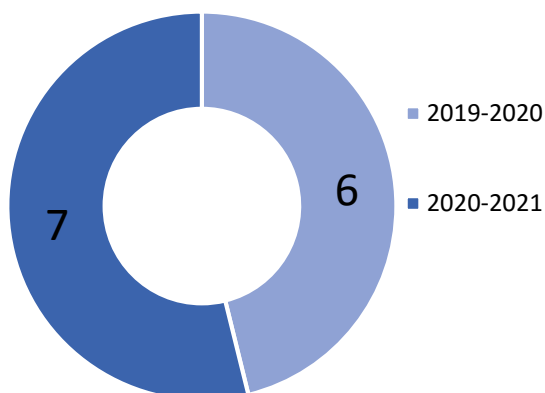
Increase in average no. of bids submitted per tender

Average % of bid submitted per tender download by category



Government’s e-tender portal was analyzed to study the trends for percentage of bids downloaded that converted to tender submissions. This was done by category of procurement.

Average No. of bids submitted per tender



Overall nearly one out of every five tender documents downloaded results in tender submissions (bid submission rate). While at a percentage basis, the conversions might seem low, there is a significant increase in participation compared to previous years. The high tender downloads is also expected due to the easy availability of tender documents which can be downloaded free of charge. The high downloads reflects the interest from suppliers in Government tenders. (on average 7 bids submitted per tender)

To help convert more downloads to actual submissions, FPO in the new fiscal year 2021-2022, will undertake promotion activities (roadshows, trainings/workshops etc.) for potential suppliers especially small-medium enterprises who wish to be part of Government tendering.

Tender Document Downloads

3,646

-0.4% ↓ (v SPLY)
SPLY: 3,662

Bids Submitted

637

1% ↑ (v SPLY)
SPLY: 631

Bid Submission Rate

17%

0% → (v SPLY)
SPLY: 17%

Consolidation of the procurement of common goods and services across whole of Government via standing offers remains a major focus

A standing offer is an offer from a potential supplier to provide goods and/or services at pre-arranged prices, under set terms and conditions, when and if required. A local purchase order (LPO) must be issued to "call-up" against the standing offer and make the agreement binding.

Given that cost savings is a key focus, standing offers is a priority area for FPO as we seek to consolidate procurement across Government where possible and negotiate better prices for Government.

Likewise, as part of its procurement strategy, Ministry of Economy through FPO has commenced standing offer contracts for whole of Government in the 2020-2021 fiscal year for the supply of pine posts, fuel & lubricants, photocopying & printing paper and toilet paper for whole of Government.

The above mentioned tenders are in addition to the standing offer contracts implemented in 2019-2020 for the supply of roofing products, fiberglass boats, paints, fencing & hardware materials, travel management services, water tanks, liquid petroleum gas (LPG), automotive storage batteries, tyre & tyre services and outboard engines.

New focus areas for standing offers for whole of Government procurement in the next fiscal year include agro-inputs, courier services, office supplies and stationery, generators, tractors and hire of machinery.

Visit us on www.fpo.gov.fj

www.tenderlink.com/economyfiji