



 **BUSINESS
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GREAT**
NORTHERN IRELAND



Processes in Infrastructure
Development

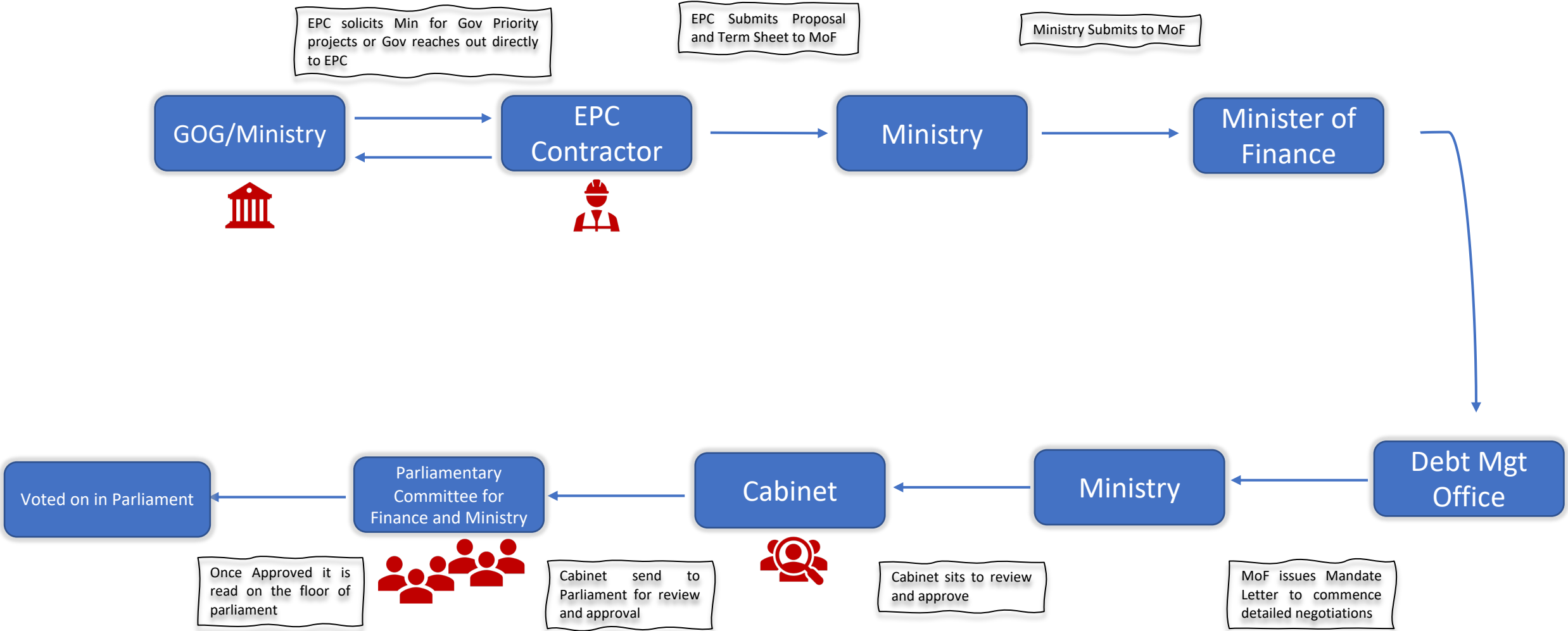
–
(Procurement & VFM)

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GoG Procurement Processes in Infrastructure Development of Projects



| <u>Description</u> | <u>Details</u> |
|----------------------------------|--|
| VFM | <ul style="list-style-type: none">• The optimum balance of whole-life cost and quality to meet the end user's requirements. |
| 3 Es | <ul style="list-style-type: none">• Economy• Efficiency• Effectiveness |
| Achieving Value for Money | <ul style="list-style-type: none">• Clear definition of Requirements• Appropriate conditions of contract• A qualified, competent Contractor• A high quality technical solution that meets the Requirements• Lowest whole-life cost that meets the Requirements• Competent, consistent and transparent contract management |

Measures

Description

Contractor Assessment

Financial Standing: Contractor's minimum average annual turnover of 1.2 times the estimated annual turnover of production of the goods for this Contract based on a straight-line projection and calculated as total certified payments received by Contractor for contracts in progress or completed, within the last 3 years

Access to Liquidity: The Contractor shall demonstrate that it has access to, or has available, liquid assets, unencumbered real assets, lines of credit, and other financial means (independent of any advance payment) sufficient to meet the production cash flow requirements estimated as 50% of the Contract Price for this contract net of the any other commitments

Relevant Experience : Contractor must have satisfactorily and substantially completed as a prime Contractor, joint venture member, or sub-Contractor to similar contracts in the last 5 years, having a value to the Contractor of at least 60% of the Contract Price for this Contract

Measures

Rationale

Conditions of Contract

General Conditions of Contract (GCC)

- Are these internationally recognised and suited to type of project?

Particular Conditions of Contract (GCC)

- Do these protect the Employer/Purchaser's interest
- Do they allow the Contractor/Supplier reasonable freedom to successfully fulfil their obligations?

Commercial Terms

Payment Terms and Schedule

- Do these incentivize the Contractor to deliver quality outputs on time?
- Will the Contractor have sufficient cashflow
- Are delays clearly handled and fairly penalized?
- Are sufficient Guarantees and Securities specified?

Measures

Technical Considerations

Rationale

Employers Requirement:

- Is the business case/justification for the project clear and well document.
- Have the Requirements been stated in sufficient detail and specificity to enable a meaningful response from a competent Contractor?

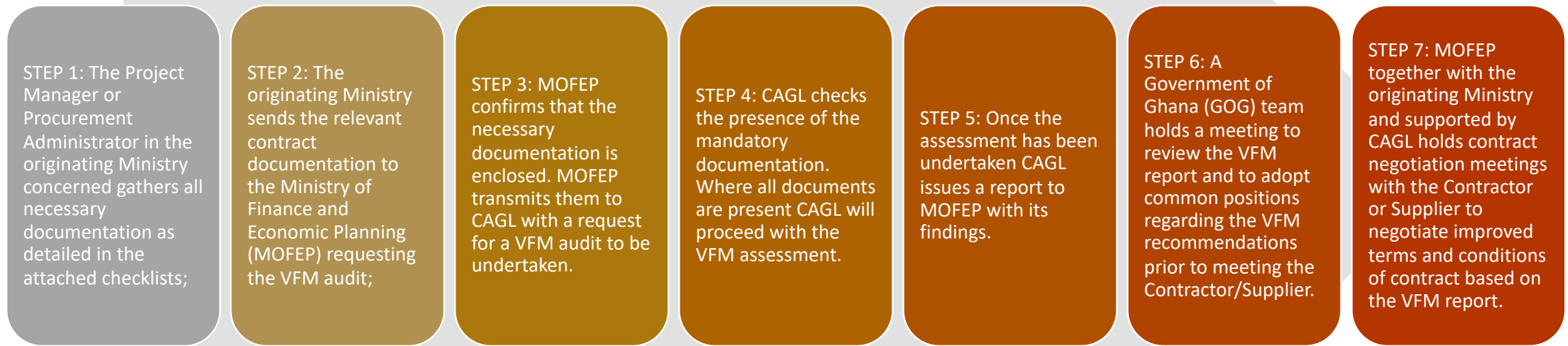
Contractor's Proposal:

- Has the Contractor responded directly to the Requirements in corresponding specificity and details.

Contract Price

- **Inputs:** Is the Contractor offering competitive pricing for all project inputs (to be supplied by the Contractor)?
- **Overheads:** Has the Contractor priced these fairly and described them clearly?
- **Methods and Processes:** Has the Contractor clearly stated these and made a case for their efficiency?
- **Outputs:** Has the Contractor accounted for all required outputs in their price?

The Value For Money Process



STEP 1: The Project Manager or Procurement Administrator in the originating Ministry concerned gathers all necessary documentation as detailed in the attached checklists;

STEP 2: The originating Ministry sends the relevant contract documentation to the Ministry of Finance and Economic Planning (MOFEP) requesting the VFM audit;

STEP 3: MOFEP confirms that the necessary documentation is enclosed. MOFEP transmits them to CAGL with a request for a VFM audit to be undertaken.

STEP 4: CAGL checks the presence of the mandatory documentation. Where all documents are present CAGL will proceed with the VFM assessment.

STEP 5: Once the assessment has been undertaken CAGL issues a report to MOFEP with its findings.

STEP 6: A Government of Ghana (GOG) team holds a meeting to review the VFM report and to adopt common positions regarding the VFM recommendations prior to meeting the Contractor/Supplier.

STEP 7: MOFEP together with the originating Ministry and supported by CAGL holds contract negotiation meetings with the Contractor or Supplier to negotiate improved terms and conditions of contract based on the VFM report.

Document Check List

| | Item No. | Document | Comments |
|-----------------------------|----------|---|--|
| Mandatory Documents | 1 | Employer's Requirements | Written by the benefitting Ministry or Department, not by the Contractor |
| | 2 | Draft Contract Agreement | Preferably a model Form of Contract, e.g. PPA, FIDIC or WB*. |
| | 3 | Draft General Conditions of Contract (GCC) | |
| | 4 | Draft Particular Conditions of Contract (PCC) | |
| | 5 | Contractor Assessment Form | To be completed by Contractor |
| | 6 | Scope of Works | |
| | 7 | Price Summary Schedule | |
| | 8 | Bill of Quantities | List of each item priced. |
| | 9 | Draft Programme | Usually Gantt chart format. |
| | 10 | Technical Specifications | |
| Include if available | 11 | Engineering Standards | Some or all of these documents are usually required for Works contracts. |
| | 12 | Layouts, maps, etc. | |
| | 13 | Engineering drawings | |
| | 14 | Correspondence & Meeting Minutes | |
| | 15 | Draft of Credit Loan Agreement | |

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