

# **User Guide**

**for**

**Request for Quotations and  
Local Purchase Orders**

**Republic of Malawi**

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## **Acronyms**

GCC	General Conditions of Contract
LPO	Local Purchase Order
PE	Procuring Entity
RFQ	Request for Quotations
SBD	Standard Bidding Document
SCC	Special Conditions of Contract

## Introduction

### Purpose of the Standard RFQ and PO Documents

Although they are not named “Bidding Documents”, the standard RFQ and LPO documents form part of the suite of Standard Documents to be used in public procurement in Republic of Malawi.

The purpose of the Standard Bidding Documents (SBDs) is to provide Procuring Entities (PEs) with standardised documents to be used as models for preparing invitation and contract documents for individual procurement requirements. They contain basic contractual provisions and procedural instructions which are required by the Government of the Republic of Malawi in the use of public funds through public procurement and which assist PEs to comply with the Public Procurement Law and Regulations.

The purpose of the RFQ and PO documents is the same as the larger bidding and contract documents, but they are designed for simple, lower value procurement, where the main SBDs would be too long and complex. The RFQ document format is used to invite bids, or quotations, while the Local Purchase Order is a simple form of contract.

The standard Request for Quotations and Local Purchase Order documents have been designed to:

- (i) simplify the drafting of individual RFQs and LPOs by Procuring Entities;
- (ii) minimise the time required by the Internal Procurement Committee or other authority to approve RFQ and LPO documents prior to release;
- (iii) reduce Bidders’ time and effort in the preparation of quotations; and
- (iv) facilitate and simplify the evaluation and comparison of bids and contract (purchase order) award by the PE.

A key feature of the RFQ and LPO documents is that they have been designed for use together, so that the basic information on the one-page Purchase Order can be supplemented by attaching or copying relevant parts of the RFQ document or the successful Bidder’s quotation. They have also been designed so that they can be prepared with minimum input, enabling simple, low value procurement to be conducted quickly and efficiently, while still ensuring adherence to the Law and Regulations and ensuring adequate contractual protection for the PE.

The RFQ document contains guidance notes for the PE preparing the RFQ [*in italics within square brackets*] and general notes for Bidders to assist in completing their submissions. This User Guide contains further explanations and notes necessary for PEs to use the standard documents.

It is important that PEs always use the original master documents to commence drafting RFQ or PO documents for each new procurement requirement to ensure that incorrect details are not included from a previous use of the document.

### Purpose of the User Guide

This User Guide has been prepared to provide guidance to public officials in the correct use of the standard Request for Quotations (RFQ) and Local Purchase Order (PO) documents for goods, works and services.

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The information in this User Guide is not legally binding, but Procuring Entities must comply at all times with the Law and Regulations.

This User Guide is not intended for use by Bidders. Notes intended for Bidders are included in the RFQ document itself. These notes are in italics and should not be deleted when drafting the RFQ.

### **When to Use the RFQ and LPO documents**

The RFQ and LPO documents for goods are suitable for use under the Request for Quotations procurement method. For procurement under the Open and Restricted Tendering methods, the full Standard Bidding Documents for Goods, Works or Services (National Competitive Bidding and International Competitive Bidding) are generally more appropriate.

### Summary of the Procurement Process

The Law and Regulations detail the procurement methods and the full procurement process and rules for each method and PEs must comply with these at all times.

The relevant steps of the procurement process for the Request for Quotations method are summarised here as follows:

1. Selection of a Shortlist of Bidders;
2. Preparation and Issue of RFQ Document;
3. Bidding Period and Receipt of Quotations;
4. Evaluation; and
5. Contract Award and placement.

#### 1. Selection of Bidders

Under the Request for Quotations method, the bidders invited to submit quotations will be included on the shortlist from the list of registered Suppliers. There is no need to publish an invitation to tender notice. The shortlist must include sufficient bidders to ensure effective competition and the Procuring Entity must request quotations from as many suppliers as practicable, but at least three, if possible. Bidders included on the shortlist should be selected from the registered suppliers list.

#### 2. Preparation and Issue of RFQ Document

The Procuring Entity is responsible for the preparation and issue of the RFQ document and must use the standard document for this purpose.

In deciding the deadline for submission of quotations, the PE should allow Bidders sufficient time for studying the RFQ Document, preparing a responsive quotation and submitting the quotation. Note that the Regulations indicate a period of not less than seven days.

The RFQ document must be issued to all short-listed bidders at the same time and a record must be kept of the issue of documents.

#### 3. Bidding Period and Receipt of Quotations

The Bidder is responsible for preparation and submission of its quotation. As the Request for Quotations method is used for relatively simple, low value procurement, there should not normally be any requests for clarification from Bidders or any need to amend the RFQ document. However, during the bidding period, the PE must ensure that it responds promptly to any requests for clarification from Bidders.

The PE's main responsibility during the bidding period is to:

- ◆ Receive and record quotations from Bidders up to the deadline for submission of quotations;

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- ◆ Close bidding at the precise date and time of the deadline and ensure that no late quotations are received;
- ◆ Keep all quotations received secure and ensure that information contained in quotations is kept confidential.

### **4 Evaluation**

The Procuring Entity is responsible for the evaluation of all quotations received and the preparation of an evaluation report. The evaluation must be conducted in accordance with the Law and Regulations and must strictly apply only the evaluation criteria specified in the RFQ document. The evaluators must maintain confidentiality throughout the evaluation process and reject any attempts to distort the outcome of the evaluation.

Following completion of the evaluation, the evaluation report should be submitted to the Internal Procurement Committee or other official with approving authority, with a recommendation for contract award to the bidder who submitted the lowest priced, responsive quotation.

### **5 Contract Award and Placement**

Following approval of the evaluation report and the contract award decision, the Procuring Entity must prepare a Local Purchase Order, attaching relevant supporting documentation. The issue of the Local Purchase Order to the successful Bidder will normally constitute contract award and formation.

PEs should note that the Local Purchase Order should not contain any provisions or conditions which vary from those in the RFQ document, or the Bidder's quotation, or any subsequent clarifications. Any such modifications should be agreed by the Bidder in writing before a contract award decision is made.

# Guidance Notes on the Request for Quotations Document

## Structure of the RFQ Document

To facilitate practical use of the RFQ by PEs, three separate formats are available for Goods, Works and Services. These formats are very similar and therefore only this single User Guide is issued.

The **RFQ document** consists of the following parts, all of which must be used when drafting an individual RFQ:

Request for Quotations letter

Section A Quotation Requirements

Section B Quotation Submission Sheet

Section C A statement of requirements in the form of:

- a Schedule of Requirements (Goods);
- a Schedule of Rates and Prices (Services); or
- an Activity Schedule or a Schedule of Rates and Prices (Works)

## Request for Quotations Letter

This is basically a very short standard letter, with the opening paragraph informing Bidders that they are being requested to submit a quotation, and of the procedures that will regulate the procurement process. A separate RFQ letter must be prepared for each short-listed Bidder, but each letter should be identical except for the name and address of the Bidder.

The RFQ letter may be used in the original format provided, or printed on the PE's letterhead, using the standard wording provided, completing the following details:

- the procurement reference number;
- the name and address of the Bidder (one letter for each Bidder);
- the date of issue of the RFQ document;

PEs must ensure that they have copies of the Government of Malawi General Conditions of Contract for Local Purchase Orders readily available for distribution to Bidders if requested. The GCC contain standard provisions that have been designed to remain unchanged and to be used without modifying their text.

The RFQ letter is combined with Section A – Quotation Requirements, to ensure that all necessary information to the Bidder is available on a single page.

## RFQ Section A - Quotation Requirements

The Quotations Requirements section provides Bidders with detailed instructions on preparing their quotation. Information which needs to be completed by the PE is indicated [*in italics in square brackets*].

- a brief description of the procurement and the place of delivery or performance, e.g. “Binding equipment for the Ministry of Health Administration Department, Lilongwe.”, “Routine maintenance and servicing of computer equipment at Civic

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Offices, Lilongwe.” or “Painting and redecoration of two offices at Government Central Stores, Blantyre.”

- the delivery period required for the goods, or the commencement and completion dates for performance of the works or services;
- the period of validity required for quotations;
- any period of warranty required by the PE;
- the contact name and address for any queries and for submission of the Bidder’s Quotation;
- a note of any other requirements e.g. the requirement for samples of goods to be submitted by the Bidder;
- the name and position of the person signing the letter.

Each copy of the RFQ letter should be signed by the authorised signatory for the PE.

### RFQ Section B - Quotation Submission Sheet

The Quotation Submission Sheet provides a standard format for Bidders to complete and return as part of their quotation.

During initial preparation of the RFQ by the PE, the name of the Procuring Entity and the Procurement Number are required to be entered in the header.

The Requirement in paragraph 5) must be completed before issue of the RFQ to list the documents to be submitted by the Bidder with its Quotation Submission Sheet. This will normally be:

1. Section C of the RFQ completed and signed;
2. a copy of trading licence;
3. a copy of annual tax clearance certificate;
4. [List any additional documents which are required with the quotation e.g. technical literature on the items, any requirement for samples, or a copy of the Bidder’s service and maintenance authorisation from a manufacturer. Also add any additional documents required as evidence of the Bidder’s eligibility, e.g. list of recent Government contracts performed.]

All other detailed information required on the Quotation Submission Sheet is to be completed by Bidders. The Procuring Entity **should not make input to or change any information in the Quotation Submission Sheet other than in the header and the content of paragraph 5).**

Instructions to the Bidders on completing the form are given at the top of the form in italics and should not be deleted by the PE.



### RFQ Section C – Schedule

Section C fulfils two purposes. It provides a listing of the goods, works or services required by the PE, against which the Bidder should enter his prices.

There are four versions of Section C that are specific to the RFQ documents for Goods, Works and Services. Section C:

- a Schedule of Requirements (Goods);
- a Schedule of Rates and Prices (Services); or
- an Activity Schedule or a Schedule of Rates and Prices (Works)

Whichever version is appropriate to the procurement must be carefully prepared by procurement staff in full consultation with the User Department before issue of the RFQ. If necessary, further assistance in detailed specification should be sought from technical departments within Government. Section C must inform Bidders of precisely what the Procuring Entity wishes to procure, including the quantities and specifications of all items.

**The Section C completed by the successful bidder will form part of the Contract.**

Section C should provide sufficient information to enable Bidders to prepare quotations that are realistic and competitive and which meet the PE's needs. The SOR should be complete, precise, and clear. An incomplete, imprecise, or unclear SOR may prompt bidders to request clarifications from the Procuring Entity or to submit conditional quotations or quotations that may be based on different understandings of the Procuring Entity's requirements.

Section C is to be drafted in a manner permitting the widest practical competition, without using brand names or specifications applicable to only one supplier wherever possible. The required standards of performance, workmanship, compliance with national or international standards, and the characteristics of materials or performance of the goods must be clearly defined. Specifications should be based on the minimum criteria that will be acceptable to the Procuring Entity.

Where additional specification of the requirement is necessary for the sake of clarity, for example, detailed specifications, drawings, technical data or terms of reference, these should be appended to Section C and formally listed as attachments.

The **Unit Price and Total Price columns, must be left blank**, to be completed by the Bidder.

# Guidance Notes on the Local Purchase Order

## Structure of the Local Purchase Order

The standard **Local Purchase Order (LPO) document** consists of a single page, designed to be used with the standard header format completed, or to be issued on the Procuring Entity's headed paper.

However, it is important that the basic LPO document is supplemented by attaching other relevant documentation, particularly:

- The completed Section C of the successful Bidder;
- The Government of Malawi General Conditions of Contract for Local Purchase Orders; and
- any other documents such as drawings, terms of reference, or detailed specifications which are agreed between the PE and the winning Bidder.

Very little original work should be involved in drafting the Local Purchase Order, since all information required is contained in the RFQ document as issued and in the successful Bidder's quotation. In most cases, it should be possible to attach a copy of the Bidder's quotation without any modification.

The Purchase Order should be completed by the PE. It is important that the required funds for the PO are confirmed to be available before it is issued.

Enter the agreed:

- total Contract Sum;
- Completion Period;
- Warranty Period (if applicable);
- Contact Person (for liaison on submission of documentation);
- Payment Terms and required documentation;
- Name of the Authority within the PE responsible for certifying satisfactory completion of the order;
- Any specific terms of the contract which supplement or modify the GCC; and
- list of attached appendices which form part of the contract between the PE and the Supplier.

The Local Purchase Order must be signed by an officer authorised to sign LPOs on behalf of the Procuring Entity.

The Supplier is requested to confirm receipt of the Local Purchase Order in writing.