

INVITATION TO SUBMIT PROPOSALS (ISP)
Procurement Agent Services Program (PASP) Part B

PROVISION OF SPECIALIST PROCUREMENT SERVICES
AUSTRALIAN SUPPORT TO THE HEALTH SECTOR IN PAPUA NEW GUINEA (PNG)

INTRODUCTION

- (i) AusAID invites proposals to provide specialist procurement services in connection with Australian Support to the Health Sector in Papua New Guinea.
- (ii) The PASP Agent presenting the best proposal in accordance with the evaluation procedure detailed in Section 10 hereunder and Annex E to the ISP may be engaged as a contractor under Part B of the PASP Deed. In this regard, the PASP Agents should note that this Invitation to Submit Proposals has been issued prior to finance having been approved to cover the services in question. It is not anticipated that this approval will be withheld. However, in inviting proposals AusAID provides no undertaking that it will issue a Services Order instructing either of the PASP Agents to provide the services that are the subject of this Invitation to Submit Proposals.
- (iii) If your organisation chooses to lodge a proposal it must be submitted on the terms of this document, including all attachments.

1. OVERVIEW OF THE ASSIGNMENT

- 1.1 AusAID wishes to engage one of the PASP Agents to provide procurement services in connection with Australian Support to the Health Sector in Papua New Guinea. These services are expected to require the PASP Agent to undertake, on behalf of AusAID and the Government of Papua New Guinea (Health Sector), procurement of the following goods, works and services:
 - 1.1.1 Distribution services for 5 rounds of 40% Medical Supply Kits to Health Centres and Aid Posts in all provinces in PNG; budget up to AUD 12.5 million.
 - 1.1.2 Strengthening of cold chain logistics for the distribution and storage of vaccines in underperforming districts; budget up to AUD 300,000.
 - 1.1.3 Emergency Obstetric Care (EmOC) equipment (budget up to AUD 5 million) and services for distribution of the EmOC equipment to District Hospitals and Health Centres in all provinces in PNG (budget up to AUD 5 million).
 - 1.1.4 Scoping services, building materials, construction of and equipment for 14 STI Clinics; budget up to AUD 11 million.

2. ASSIGNMENT DETAILS

- 2.1 The assignment to be undertaken is described in the Detailed Description of Services (DDS) at Annex A to the ISP.

3. TIMING

- 3.1 The assignment is required to commence at the earliest opportunity. The target date for mobilisation in PNG is as early as possible before the end of February 2011.

- 3.2 For reasons connected with the validity of the current PASP Period Offer Deeds it is only possible to contract for services to be provided up until 30 April 2012 in the first instance. However, the Program may require services beyond this date. Subject to satisfactory performance by the appointed PASP Agent (which will be designated the Procurement Specialist Organisation – PSO, and otherwise known as the Contractor), and to appropriate contractual extension/confirmation arrangements being approved and put in place, the Contractor may be asked to continue providing services after 30 April 2012 and/or to undertake a wider scope of procurements possibly including, but not necessarily limited to, upgrading midwifery schools in 5 provinces; budget up to AUD 3 million and/or to provide capacity development services – see Section 2.2 of the DDS at Annex A to the ISP.
- 3.3 In the first instance it may also only be possible to issue a Services Order covering the procurements listed in Sections 1.1.1 to 1.1.3 above. As noted in Section 3.3.4 (a) of the DDS at Annex A to the ISP, funds for the construction of the STC Clinics referred to in Section 1.1.4 above are already lodged in a Trust Account managed by the HSIPMB. It will be necessary to conclude agreements with the HSIPMB on the mechanism for making these funds available to the Contractor. It is unlikely that these agreements will be able to be concluded before the Services Order is issued. In this event, once they are concluded it is the intention to add the procurement of the STI Clinics to the Services Order by Addendum.
- 3.4 Proposals must be sent by e-mail to Mr Brian Dowling at and must be received by **2pm Port Moresby Time on 02 February 2011**. Any proposal received after this deadline will be rejected.

4. **PROPOSAL**

- 4.1 The PASP Agent must submit a proposal that is fully responsive to the Detailed Description of Services.
- 4.2 Each proposal must comprise a Technical Offer and a Financial Offer. These must be separate electronic files.
- 4.3 Proposals must meet the format requirements stipulated in Clauses 5 and 6 below.
- 4.4 Please see Annex B to the ISP for further information relevant to proposal preparation.

5. **TECHNICAL PROPOSAL FORMAT**

- 5.1 The Technical Proposal must comprise no more than 10 A4 typewritten pages, including tables and diagrams, but excluding the CVs referred to in Clause 5.5 below.

Technical Approach and Methodology

- 5.2 The proposal must include details of the technical approach the PASP Agent will adopt towards undertaking the assignment, together with a detailed methodology for the work.

Work Plan

- 5.3 A detailed Work Plan must be provided showing the work commencing as early as possible in February 2011.

Organisation and Staffing

- 5.4 Details must be provided of the organisation and staffing proposed by the PASP Agent to carry out the assignment.
- 5.5 A Curriculum Vitae (CV) must be provided for the international professional staff member(s) proposed for the assignment. CVs must be no longer than four pages and must include the names and contact details (e-mail addresses, telephone numbers and, if known, fax numbers) of the direct in-country supervisors of the candidate(s) in each of his/her/their last 4 assignments. These supervisors may not be staff members or other employees of the PASP Agent, unless any candidate is a full time employee of the PASP Agent. Each candidate must undertake to be available, able and willing to work for the full period foreseen for the assignment.
- 5.6 Where backstopping or other personnel support to the key professional staff team is considered necessary the PASP Agent must ensure that such personnel are clearly identified in the proposal. CV's are not required for backstopping personnel, for whom a brief profile of each should be provided, or for national staff to be recruited in PNG.

6. FINANCIAL PROPOSAL FORMAT

- 6.1 The PASP Agent must present its Financial Proposal in the format provided for at Annex C to the ISP.

6.1.1 Procurement Fees

- (a) A procurement fee must be quoted, expressed as a percentage of the value of contracts to be concluded by the Contractor. This fee should be calculated on the basis of the total estimated procurement spend indicated in Tables 1 and 2 of Annex C to the ISP and must cover all the costs of the Contractor in carrying out the procurement implementation work with the exception of accommodation costs, which are reimbursable.
- (b) AusAID wishes always to achieve the best possible value for money, and in the light of recent scrutiny of consultant fee rates this is now an even more important element of our work. The PASP Agents therefore are requested to quote the most competitive fees possible.

6.1.2 Reimbursables

Reimbursable costs must be quoted, as provided for in Table 2 of Annex C to the ISP, for residential and office accommodation.

7. PAYMENT OF FEES AND REIMBURSABLES TO THE CONTRACTOR

7.1 Procurement Fees

- 7.1.1 For each contract placed by the Contractor the agreed procurement fee will be payable at the rate referred to in Section 6.1.1 above. Payment of this fee will be made as follows:

- (i) 75% of the agreed procurement fee upon placement of the contract, and

- (ii) 25% of the agreed procurement fee upon final completion of the contract. For any contracts that have not been completed by the date of expiry of the Services Order that results from this Invitation to Submit Proposals one half of this amount (ie 12.5% of the agreed procurement fee) will be payable on that date.

7.1.2 The Contractor will combine the procurement fees due on a monthly basis, submitting a single consolidated invoice at the end of each month, rather than individual contract by contract invoices. Payment similarly will be made on a monthly basis.

7.2. *Reimbursable Costs*

7.2.1 The Contractor will be reimbursed on a monthly basis for the actual costs incurred for items identified as reimbursable, up to the specified limits.

8. **PASP PERIOD OFFER DEED**

8.1 This invitation is issued by AusAID in accordance with Schedule 1 of the PASP Period Offer Deed. On this occasion we are not inviting proposals as outlined in Clause 6 of Schedule 1 of the PASP Period Offer Deed. Instead, we are seeking them on the following basis:

8.1.1 AusAID is seeking proposals for ad hoc services as detailed in this Invitation to Submit Proposals, including all its annexes and appendices (ex-Clause 6.1 of the PASP Period Offer Deed).

8.1.2 The proposal must include a fully costed Financial Proposal, as detailed in Clause 6 above of this Invitation to Submit Proposals (ex-Clause 6.2 of the PASP Period Offer Deed).

8.1.3 Costs must be calculated in accordance with Clause 6 above of this Invitation to Submit Proposals (ex-Clause 6.3 of the PASP Period Offer Deed).

8.1.4 Where a proposal has been received from both PASP Agents, AusAID will determine a technical to price score as an indication of value for money, as detailed in Clause 10 hereunder and Annex E of this Invitation to Submit Proposals (ex-Clause 6.4 of the PASP Period Offer Deed).

8.1.5 As stated in Clause 6.5 of Schedule 1 of the PASP Period Offer Deed, AusAID, through the issuing of a Services Order, may then require the successful Agent to perform the specified ad hoc tasks.

8.2 Clause 2.2 of Schedule 2 of the PASP Period Offer Deed also does not apply. The imprest account will be used by the Contractor to make payments to providers of goods, works and services procured pursuant to Sections 1.1.1 to 1.1.3 above, as described in Clause 12 of the draft Services Order at Annex D to the ISP. As noted in Section 3.3 above and Section 3.3.4 (a) of Annex A to the ISP, separate payment arrangements will apply to procurement of the STI Clinics defined in Section 1.1.4 above.

8.3 The successful proposal will result in a periodic contract between AusAID and the PASP Agent and will be subject to the terms and conditions set out in Part A and B of the Deed, modified in accordance with Clauses 8.1 and 8.2 of this Invitation to Submit

Proposals and as provided for in the draft of the document that will form the basis of the Services Order at Annex D to the ISP.

9. **CLARIFICATIONS**

9.1 In the event the PASP Agent requires clarification of any aspect of this Invitation to Submit Proposals, including its annexes and appendices, it should send its clarification questions by e-mail (no other medium of communication will be accepted) to **each** of the following:

- Mr Brian Dowling: e-mail brian.dowling@ausaid.gov.au

and

- Mr Matthew Fehre: e-mail matthew.fehre@ausaid.gov.au

and

- Mr John Rawden: e-mail jgr@leitmo.com

9.2 In order to ensure that there is adequate time for response, any such clarification questions should be sent to AusAID no later than 3 working days before the deadline for receipt of proposals stipulated in Clause 3.4 above. Any questions received after this deadline may not be answered. AusAID will issue e-mail clarifications as quickly as possible after receipt of the questions.

10. **EVALUATION OF PROPOSALS**

10.1 Each proposal will be assessed on a value for money basis which will be established by weighing technical quality with financial cost on an 80/20 basis. The evaluation of proposals will be completed in accordance with Annex E to the ISP.

**Annex A
to Invitation to Submit Proposals**

Detailed Description of Services

DETAILED DESCRIPTION OF SERVICES (DDS)

Procurement Specialist Services in connection with Australian Support to the Health Sector in Papua New Guinea

1. Background

1.1 Country Specific

- 1.1.1 In August 2010 the Government of PNG launched the new National Health Plan 2011-2020. The new plan has a focus on back-to-basics and support to the service delivery level. It has eight key result areas focused on improving service delivery and health systems, with improving drug and medical supply procurement and distribution, maternal and child health and improving health infrastructure as major planks in the Plan.
- 1.1.2 It is likely that the Australian response to the new National Health Plan will include a narrower focus than previously, on five key areas: drugs and medical supplies, health infrastructure, health workforce development, health financing and community mobilisation, and that it will have a much increased focus on the sub-national service delivery level. The Partnership for Development Health Schedule, as agreed at the 2009 Ministerial Forum, will be revised to reflect this change and a Delivery Strategy will be prepared to support implementation of the Schedule.

1.2 Program Specific

- 1.2.1 On the basis of advice from the Secretary of Health, AusAID does not believe that NDoH procurement and distribution systems are sufficiently robust for Australia to invest significant funds through national systems for our immediate support. A procurement capability and capacity assessment is to be conducted to assess the system in relation to longer term support and to provide recommendations to support the Secretary in his efforts to improve the system.
- 1.2.2 In the meantime, in order to continue strong support to GoPNG while the future Program is developed, AusAID has agreed to support NDoH with essential procurement services. These will fill immediate needs while the Secretary pursues his commitment to improve procurement systems and processes within the National Department of Health with the assistance of the Australian-funded in-line Procurement Unit Manager.
- 1.2.3 AusAID therefore has also agreed to finance and manage the appointment of a Procurement Specialist Organisation (PSO) to undertake procurement of the following goods, works and services on behalf of AusAID and NDoH:
 - (a) Distribution services for 5 rounds of 40% Medical Supply Kits to Health Centres and Aid Posts in all provinces in PNG; budget up to AUD 12.5 million.
 - (b) Strengthening of cold chain logistics for the distribution and storage of vaccines in underperforming districts; budget up to AUD 300,000.

- (c) Emergency Obstetric Care (EmOC) equipment (budget up to AUD 5 million) and services for distribution of the EmOC equipment to District Hospitals and Health Centres in all provinces in PNG (budget up to AUD 5 million).
 - (d) Scoping services, building materials, construction of and equipment for 14 STI Clinics; budget up to AUD 11 million.
- 1.2.4 The program of procurement described in Section 1.2.3 above is indicative in so far as the budget estimates are concerned. The goods, works and services procurements are guaranteed, while the actual values of these may vary from the estimates shown..
- 1.2.5 AusAID's current level of financial and technical assistance to the Health Sector is approximately AUD 45 million per annum. It is likely that this assistance will increase substantially over the next 5 years, and that further support from a PSO may therefore be required. Any such longer-term support will need to be designed carefully around the work of the in-line Procurement Unit Manager in NDoH in order to not undermine the efforts of the Secretary to improve national systems.

2. Contract Purpose and Duration

2.1 Purpose

- 2.1.1 The purpose of the contract is to implement procurement and supply chain management in connection with Australian Support to the Health Sector in Papua New Guinea Program through the appointment of a Procurement Specialist Organisation.
- 2.1.2 The procurement implementation services may be extended and made available to any other development partners that may wish to make use of them. They will also be made available to the National Department of Health for procurements utilising its own domestic funds. Utilisation of the services by any other development partner(s) and/or the NDoH will be subject to separate agreement(s) between the PSO and the other development partner(s) and/or NDoH.

2.2 Duration and Scope

- 2.2.1 The services of the PSO will be required for an initial period running up to 30 April 2012. AusAID will have options to extend the services in terms of duration and/or scope, as detailed in Sections 2.2.2 and 2.2.3 hereunder.
- 2.2.2 AusAID will have options to extend the term of the Services beyond 30 April 2012, as follows:
- (a) from 30 April 2012 until 30 June 2012,
 - (b) thereafter up to 30 June 2013,
 - (c) thereafter up to 30 June 2014,
 - (d) thereafter up to 30 June 2015, and

(e) thereafter up to 30 June 2016.

2.2.3 AusAID will have options to extend the scope of the Services by requiring the PSO also to:

(a) procure additional requirements including, but not necessarily limited to, the upgrading of midwifery schools in 5 provinces; budget up to AUD 3 million, and

(b) provide capacity development services.

2.2.4 AusAID will decide whether to exercise any of the options described in Sections 2.2.2 and 2.2.3 on the basis of scoping work for longer term support to the procurement and distribution of drugs and medical supplies as well as support to the development of rural health infrastructure. This scoping work will be conducted during 2011.

2.2.5 If AusAID decides to exercise any of the options described in Sections 2.2.2 and 2.2.3 above, the provision of services pursuant thereto shall be on the basis of specific terms negotiated between the PSO and AusAID for the options exercised.

3. Approach

3.1 Location and Reporting Lines

3.1.1 The PSO will set up a fully equipped and staffed project office in Port Moresby to carry out procurement in connection with Australian Support to the Health Sector in Papua New Guinea. The PSO's procurement team will report to a designated AusAID officer in Port Moresby.

3.1.2 The designated AusAID officer in Port Moresby can, as necessary, draw on AusAID's Operations Policy and Support Branch in Canberra and Procurement Diagnostics Adviser for support on professional procurement and distribution matters raised by the PSO or otherwise resulting from implementation of program procurement.

3.2 Establishment

3.2.1 The PSO will provide the procurement team defined in Appendix 1, consisting of procurement and distribution specialists as well as national support staff to carry out procurement in connection with Australian Support to the Health Sector in Papua New Guinea. From time to time the team may need to be complemented with additional qualified staff, as required by the actual workload, to ensure that all procurement is conducted in line with agreed timelines.

3.2.2 The procurement and supply chain team will be located in its own offices independent of NDoH and the Central Supply and Tenders Board (CSTB). However, the PSO will work very closely and collaboratively with the Australian-funded in-line Procurement Unit Manager in the National Department of Health.

3.2.3 The PSO will use its own procurement systems and procurement documents consistent with the principles of the Australian Commonwealth Procurement Guidelines (CPGs). It will operate a procurement and contract monitoring system to provide up-to-date information on all procurement activities. This system must be accessible by AusAID. It also will establish and maintain a program website to

provide information on program procurement and to advertise procurement opportunities.

3.3 *Role of the PSO*

3.3.1 The activities of the PSO will include, but not be limited to:

- (a) Assisting AusAID and the NDoH, as necessary, in finalising schedules of requirements to be procured, including budgets therefor.
- (b) Analysing program requirements and markets to determine the extent to which supply sources are capable of meeting projected demands.
- (c) Exploring suitable options, and putting arrangements in place, for distribution of goods from provinces to end-users at district and other levels.
- (d) Building capacity in the private sector. This will include running regular workshops or seminars for private sector firms aimed at improving their understanding of how to, as well as their ability to, prepare properly responsive tenders and provide high quality goods, works and services under contracts they are awarded.

3.3.2 The PSO will be responsible for all aspects of the procurement cycle. It will undertake procurement in connection with Australian Support to the Health Sector in Papua New Guinea for and on behalf of AusAID in line with agreed timelines for tendering, evaluation and contracting. In so doing its work will include, but not be limited to, the following:

- (a) Preparation of Annual Procurement Plans, including methods of procurement and timeframes
- (b) Establishment of lists of requirements
- (c) Estimation of costs for individual requirements
- (d) Preparation of detailed technical specifications and ToRs
- (e) Preparation of pre-qualification, requests for expressions of interest and tender documents
- (f) Advertising
- (g) Issuing invitations to pre-qualify, express interest, and submit tenders
- (h) Issuing clarifications to tenderers during prequalification, expression of interest and tender exercises, including holding pre-tender conferences as required
- (i) Receiving tenders
- (j) Holding public tender openings
- (k) Evaluating tenders and preparing Tender Evaluation Reports
- (l) Issuing Contract Award Notifications to successful tenderers, and Failure Notices to unsuccessful tenderers
- (m) Publishing contract award notices
- (n) Responding to any complaints received during tendering processes, and resolving these
- (o) Placing and managing contracts including, as required, visits to

- provinces for the purposes of monitoring their delivery
- (p) Placing and managing pre-shipment inspection contracts, as required
- (q) Placing and managing post shipment inspection contracts, as required
- (r) Placing and managing construction supervision contracts
- (s) Ensuring that all goods contracted from suppliers outside PNG are imported free of duties and taxes
- (t) Arranging for monitoring of delivery to end users, through contract and/or direct monitoring arrangements as appropriate
- (u) Obtaining acceptance certificates for goods, works and services provided to end users
- (v) Setting up a complaints database for handling product related complaints, claims, warranty enforcement, recalls, litigation/arbitration and any other issues related to the procurement, and handling all such issues and complaints
- (w) Paying suppliers, contractors and consultants
- (x) Managing an Imprest Account – this is expected to involve up to approximately AUD 25 million, although this figure is not guaranteed
- (y) Providing statistics and reports as required by AusAID

3.3.3 *Procurement of Distribution Services*

- (a) As noted in Section 1.2.3 (a) above, the PSO will procure services for the distribution of 40% Medical Supply Kits to Health Centres (HCs) and Aid Posts (APs) in all provinces of PNG. Attached at Appendix 2 is the current Distribution Plan for the kits. This plan is subject to change.
- (b) Geomapping data for the HCs and APs listed in the Distribution Plan will be provided in electronic format to the PSO.
- (c) In procuring the required distribution services the PSO is required to make provision in the contracts placed for the following:
 - (i) Pre-distribution discussions must be held with the contractor packing the kits.
 - (ii) Collection of pre-packed kits from the contractor packing the kits in Port Moresby.
 - (iii) Temporary storage at the distributor's/s' warehouse(s) (to be confirmed).
 - (iv) Handling and distribution of the kits must be managed in such a way as to ensure commodity integrity, including considerations of security (bearing in mind that many of the products within the kits are drugs which conform to regulatory compliance), sensitive handling and temperature variations.
 - (v) A tracking and tracing system must be provided in order to allow NDoH and AusAID to maintain control and visibility of commodities during the distribution

process, thereby eliminating leakage and protecting the investment in the kits.

- (vi) The distributor(s) must have available for NDoH and AusAID data collection and record keeping records, forms and delivery schedules.
- (d) Five distributions are planned, commencing in March/April 2011 (Aid Posts) and continuing in June 2011 (Health Centres), August 2011 (Health Centres), September 2011 (Aid Posts) and November 2011 (Health Centres). The two Aid Posts distributions will be identical. Each Health Centre distribution also will be identical.

3.3.4 Procurement of STI Clinics

- (a) Funds for the construction and equipping of these clinics are already lodged in a Trust Account managed by the Health Sector Improvement Program Management Branch (HSIPMB). In consultation with the HSIPMB and AusAID the PSO will design an efficient mechanism for ensuring the availability of funds to pay for contracts placed by the PSO. This mechanism, which will be subject to AusAID approval, will involve the PSO drawing funds from the Trust Account into a(n) (sub-) Imprest Account managed by the PSO.
- (b) In deciding how best to manage the procurement of the STI Clinics the PSO must review the previous phases of STI Clinic construction conducted (ie the Foundation Phase, Phase 1 and Phase 2) and take into account lessons learned therefrom. The Foundation Phase was successful, while Phases 1 and 2 were much less so, and involved a number of areas of deficiency. Indeed, as at December 2010 Phase 2 was not complete. Some of the reported areas of deficiency, which the PSO will ensure are not repeated, included:
 - (i) Serious difficulties were experienced in the importation of prefabricated building panels during Phases 1 and 2. It is reported that these were held up in port for many months during an apparent dispute with the PNG Internal Revenue Commission over whether import duties should be paid on them. Aid financed imports are exempt, but it appears that duties may have been paid in order to get the panels released, and indeed aid funds deposited in a Trust Account may have been used for this purpose.
 - (ii) No proper supervision, possibly no supervision at all, apparently was done of the construction of the clinics.
 - (iii) At least one Phase 2 contract was awarded to the same contractor that apparently had been sub-standard in its work under Phase 1.
- (c) In absorbing these earlier phase lessons while deciding upon the optimum procurement approach the PSO will, among other things:
 - (i) Ascertain whether the prefabricated panels needed for the clinics can be supplied to the correct quality, and other, standards from within PNG, or whether they have to be imported.
 - (ii) Decide whether it is preferable to:

- (ii.a) place separate contracts for the prefabricated materials and the actual construction of the clinics (ie the PSO will procure the materials and provide these to the contractor(s) to build the clinics), or
 - (ii.b) place construction contracts that include responsibility for obtaining the materials; ie the construction company/ies will procure them.
- (iii) Launch tenders and subsequently place contracts for:
 - (iii.a) The prefabricated and other building materials, if it is decided to handle these separately.
 - (iii.b) Construction of the clinics – this will either be on the basis that the materials are provided to the construction companies under separate arrangements, if the option in Section 3.3.4 (c) (ii.a) above is followed, or that the construction companies will themselves acquire all the materials they need to build the clinics.
 - (iii.c) Engineering supervisory services, to supervise and certify the construction work at each clinic.
 - (iii.d) The supply of the medical equipment needed for each clinic.
- (iv) Manage all the above contracts to completion, thus ensuring successful completion of the STI Clinics.
- (d) It is anticipated that the STI Clinics will be constructed and equipped before 30 June 2012.

3.3.5 *Procurement of Cold Chain Equipment*

- (a) Cold chain equipment necessary for the successful distribution of immunisation relevant medical supplies will be procured, delivered and, as necessary, installed and commissioned as soon as possible.
- (b) A list of the equipment required and the locations to which each item will be delivered is contained in Appendix 3. The equipment is listed showing proprietary brand names and model numbers. However, the PSO will invite tenders/seek quotations on a non-restrictive basis, for equipment of any brand or model that is equivalent to or exceeds the specifications of the brands and models shown.
- (c) Wherever feasible, and subject to the provisions of Sub-section 3.3.5 (d) hereunder, deliveries of cold chain equipment will be combined with distribution of 40% Medical Centre and Aid Post Kits. Where it is feasible to combine such deliveries/distributions the PSO must ensure that no undue delays occur in effecting deliveries and/or distributions, for example by waiting unacceptable periods for kits to become available after equipment has already become available, or vice versa. The PSO will also ensure that cold chain equipment supplies are, as necessary, installed and commissioned, and that equipment recipients are provided with basic operational instructions.
- (d) The PSO will investigate whether it is preferable to procure the cold chain equipment on the basis of delivery by the suppliers to destination, including any

necessary installation and equipment, or whether it is better to have the equipment delivered by the supplier(s) to a central store or stores for onward delivery under separately contracted delivery/distribution arrangements. In the event of the latter, the PSO will ensure that:

- (i) these arrangements do not invalidate or otherwise weaken warranties on the equipment, and
- (ii) any necessary installation and commissioning for the equipment is provided by the supplier(s) or its/their authorised agents or representatives.

3.3.6 *Procurement of Emergency Obstetric Care (EmOC) Equipment.*

- (a) Emergency Obstetric Care (EmOC) equipment will be procured and delivered to all 731 District Hospitals and Health Centres, in PNG. This will include equipment for resuscitation of both mothers and neonates, for assisted deliveries and management of the key treatable causes of maternal mortality – haemorrhage, hypertensive issues and infection.
- (b) The final agreed list of EmOC equipment will be provided by the NDoH at the end of January 2011 and forwarded to the PSO.
- (c) It is anticipated that the EmOC equipment will be procured prior to June 2011. Subject to confirmation, and taking into account Sub-section 3.3.6 (d) hereunder, it may then be stored briefly before being delivered as soon as possible after 30 June 2011. The equipment is required to be delivered to its end user destinations at the earliest opportunity, but funds for it are spread over two financial years – AUD 5 million is available in each of 2010/11 and 2011/12. The PSO will liaise closely with AusAID over the availability of funds, in order to ensure that the equipment is delivered to end destinations at the earliest possible opportunity.
- (d) The PSO will investigate whether it is preferable to procure the EmOC equipment on the basis of delivery by the suppliers to destination, including any necessary installation and equipment, or whether it is better to have the equipment delivered by the supplier(s) to a central store or stores for onward delivery under separately contracted delivery/distribution arrangements. In the event of the latter, the PSO will ensure that:
 - (i) these arrangements do not invalidate or otherwise weaken warranties on the equipment, and
 - (ii) any necessary installation and commissioning for the equipment is provided by the supplier(s) or its/their authorised agents or representatives.

3.3.7 In carrying out its procurement work the PSO will not use either GoPNG or NDoH procurement or financial management systems. Instead, it will establish its own systems, ensuring that all procurement is undertaken in accordance with the principles of the Australian Commonwealth Procurement Guidelines (CPGs) with the exception of the following:

- (a) Sections 4.1, 4.3 and 4.4 of the CPGs cover the need for procurement, and especially bid evaluation, to be undertaken on a whole-of-life costing basis. This requirement need only be complied with in the case of very high value

procurements, particularly where these are of a complex nature. It is not applicable for other program procurement that does not fall into the very high value/complex category.

(b) Section 5.6 of the CPGs states that the Government is committed to sourcing at least 10 per cent of purchases by value from SMEs. This is not applicable to procurement under the present program.

3.3.8 Although the PSO is appointed in the role of Contractor to AusAID it nonetheless will carry out all its duties ensuring that at all times it holds the interests of AusAID (and, as appropriate, NDoH) paramount. The PSO thus will ensure that all procurement is undertaken on behalf of AusAID (and, as appropriate, NDoH) on the best terms obtainable by the PSO. This will include ensuring best possible value for money, quality, speed of delivery, contract conditions, installation and/or commissioning arrangements (as required), warranties, etc. In particular, the PSO will not retain for itself any discounts it is offered or is able to negotiate, but will accept these and pass them on to AusAID in the form of lower costs for the goods, works and services procured.

3.3.9 Within one month of mobilisation the PSO will submit to AusAID for approval a Program Procurement Manual defining the procurement systems, procedures and practices it will use in carrying out procurement. The manual will include specimen documents (eg tender invitations, contracts, etc) to be used by the PSO.

3.4 Reports

3.4.1 The PSO will submit the following reports:

(a) Inception Report and Work Plan

- (i) An Inception Report and Work Plan, to be presented to the designated AusAID Officer in Port Moresby within one month of mobilisation. This will include the Program Procurement Manual referred to in Section 3.3.7 above.

(b) Monthly Reports

- (i) Monthly reports, to be presented to the designated AusAID Officer in Port Moresby.
- (ii) The reports will contain information on all procurements during the reporting month and cumulatively since the start of the assignment. Areas of interest to be considered for insertion in this section of the report include:

- Procurement plans prepared
- Technical Specifications and Terms of Reference prepared
- Prequalification/short listing notices (advertisements) published, and the media used for these
- Prequalification/short listing reports completed, including shortlists
- Tender notices (advertisements) published, and the media used for these
- Tenders received
- Tender openings conducted
- Tender evaluation reports completed
- Contract negotiations undertaken (normally only applicable for services)
- Protests and/or complaints handled during the tender process
- Information on all procurements during (i) the reporting month, and (ii) cumulatively since the start of the assignment. Areas of interest to be considered for insertion in this section of the report include:
 - Contracts issued
 - Contract addenda issued
 - Distribution arrangements made
 - Deliveries achieved to provinces and end-users
 - Contract completions
 - Incidences of contractual damages or other, similar provisions being implemented
 - Detailed statistics on type, value and volume of procurements; monthly and cumulatively

- (iii) The reports also will include details of the progress made against this DDS as well as of any difficulties encountered. In the event any such difficulties do arise, these should be brought to the attention of AusAID at the earliest possible time, together with proposals for resolving them.

(c) Quarterly Reports

- (i) Quarterly Reports, to be presented to the designated AusAID Officer in Port Moresby. These will summarise and aggregate the information contained in the quarter's Monthly Reports and include additional information deemed relevant by the PSO.

(d) Annual Reports

- (i) Annual Reports, to be presented to the designated AusAID Officer in Port Moresby. These will be issued at the close of each calendar year and will cover the areas outlined in Sections 3.4.1 (a) to (c) above. They also will include any recommendations for additional activities above and beyond the initial DDS, to be carried out during succeeding years. Any such recommendations are to be fully costed.

(e) Final Report

- (i) A Final Report, to be presented to the designated AusAID Officer in Port Moresby. This will encompass summaries of the issues outlined in Sections 3.4.1 (a) to (d) above, and additionally will include sections describing lessons learned during the assignments.

3.4.2 All reports:

- (a) as well as all communications and correspondence, shall be in the English language,
- (b) shall be prepared in a format that, in addition to reporting on the Program as a whole, provide information broken down province by province,
- (c) will be submitted in one electronic copy and two hard copies, and
- (d) will require the approval of the designated AusAID Officer.

4. Logistics

4.1. Office

- 4.1.1 The PSO will set up a fully equipped project office in Port Moresby to accommodate the procurement team that will carry out procurements in connection with Australian Support to the Health Sector in Papua New Guinea. It will be responsible for all logistics arrangements to ensure that the procurement team can operate efficiently and independently including suitable working and living environments, transport and security arrangements.

4.2 Equipment

- 4.2.1 The PSO will fully equip the office of the procurement team to ensure that the team can operate efficiently.
- 4.2.3 The PSO will be responsible for procuring on the most competitive terms the equipment required for the team.
- 4.2.4 At the end of the first quarter of the provision of services the PSO will furnish AusAID with a complete inventory of the office equipment (eg computers, printers, etc), furniture and vehicles it has procured for the team. This inventory will be updated by the PSO every 6 months.
- 4.2.5 All office equipment, furniture and vehicles shall be handed over by the PSO to NDoH upon completion of the assignment.

4.3 Travel, etc

- 4.3.1 The PSO is responsible for arranging all air travel, visas, local transport and hotel/residential accommodation, permits, registrations, insurances, tax exemptions, etc for its team. AusAID and NDoH will assist with obtaining the required visas, permits, tax exemptions, etc, at the cost of the PSO.

5. Monitoring and Performance Review

5.1 Monitoring and Evaluation

- 5.1.1 Monitoring and evaluation of procurement results will be undertaken by AusAID based on reports and statistics provided by the PSO. Monthly meetings will be held between AusAID and the procurement team to discuss progress and constraints. Ad

hoc monitoring reviews may also be undertaken by AusAID, or any duly authorised representative of AusAID, at any time.

5.1.2 The PSO will be required to work closely with the NDoH Procurement Unit Manager and his counterpart national Procurement Manager as well as with any NDoH logistics personnel involved in monitoring and evaluation of the distribution of supplies.

5.1.3 AusAID monitoring will primarily be the responsibility of the Health Team in Port Moresby. Additional monitoring may also be carried out by AusAID's Procurement Diagnostics Adviser.

5.2 Performance Review

5.2.1 AusAID will carry out periodic performance reviews of the PSO, including of the procurements it has undertaken.

APPENDIX 1
to Detailed Description of Services

PROCUREMENT TEAM COMPOSITION

PROCUREMENT TEAM COMPOSITION

The Procurement Team will consist of:

- International Team Leader, Procurement and Logistics Specialist with experience in warehousing, logistics and distribution as well as in the procurement of services in this sector
- International Procurement Specialist with experience in infrastructure procurement, ideally in the Health Sector
- International Procurement Specialist with experience in procurement of medical equipment and, ideally, pharmaceuticals and other medical consumables
- National Logistics Officer
- National Finance and Administration Officer
- National Secretary

With the possible exception of the International Procurement Specialist with experience in procurement of medical equipment, all members of the Procurement Team defined above must be deployed full time in PNG for the entire duration of the assignment up to 30 April 2012 or, if extended thereto, 30 June 2012. Additionally, the Contractor will supplement this team with additional staff as required from time to time to deal efficiently with workload peaks and to ensure procurement is carried out in line with agreed timelines.

Subject to the satisfactory completion of all his/her procurement responsibilities, it may be possible for the International Procurement Specialist with experience in procurement of medical equipment to be withdrawn from the Procurement Team before 30 April 2012 or, as appropriate, 30 June 2012. Any such withdrawal shall be subject to the prior written approval of AusAID and an appropriate reduction in procurement fees and estimated reimbursable costs.

The initial period of services contracted will be until 30 April 2012. Subject to satisfactory performance and appropriate contractual extension/confirmation arrangements, the assignment may be extended up to 30 June 2014 or any time before then.

Profiles of Procurement Team

International Team Leader, Procurement and Logistics Specialist with experience in warehousing, logistics and distribution as well as in the procurement of services in this sector

The International Team Leader, Procurement and Logistics Specialist must have:

- (i) A minimum of 10 years senior international experience gained through practical work experience in public procurement and logistics in developing countries
- (ii) Experience at senior level in managing complex procurement programs and teams of multi-cultural specialists
- (iii) Similar senior level experience in warehousing, logistics and distribution in difficult and challenging environments, ideally in the Health Sector
- (iv) Experience in working with donors and governments in developing countries

- (v) Experience and knowledge of all aspects of procurement cycle management
- (vi) Experience in practical procurement of goods, works and services, ideally within the Health Sector
- (vii) Experience in preparation of procurement plans
- (viii) In-depth knowledge of procurement systems, documents and international best practices, ideally including knowledge of the Australian Commonwealth Procurement Guidelines
- (ix) Experience in the use of computerised procurement systems for procurement and contract management, monitoring and reporting
- (x) Excellent interpersonal skills
- (xi) Excellent written and verbal communications skills in the English language

International Procurement Specialist with experience in infrastructure procurement

The International Procurement Specialist (Infrastructure) must have:

- (i) A minimum of 10 years international experience gained through practical work experiences in public procurement in developing countries
- (ii) Experience in practical procurement of goods, works and services, with specific experience in infrastructure/construction projects, ideally in the Health Sector
- (iii) Experience in preparation of procurement plans
- (iv) Experience and knowledge of all aspects of procurement cycle management, including knowledge of internationally recognised best practice procurement processes
- (v) In-depth knowledge of procurement systems and documents, ideally including knowledge of the Australian Commonwealth Procurement Guidelines
- (vi) Experience in the use of computerised procurement systems for procurement and contract management, monitoring and reporting
- (vii) Excellent interpersonal skills
- (viii) Excellent written and verbal communications skills in the English language

International Procurement Specialist with experience in procurement of medical equipment and, ideally, pharmaceuticals

The International Procurement Specialist (Medical Equipment) must have:

- (i) A minimum of 10 years international experience gained through practical work experiences in public procurement in developing countries
- (ii) Experience in practical procurement of goods, works and services, with specific experience in the procurement of medical equipment and, ideally, pharmaceuticals
- (iii) Experience in preparation of procurement plans
- (iv) Experience and knowledge of all aspects of procurement cycle management, including knowledge of internationally recognised best practice procurement processes
- (v) In-depth knowledge of procurement systems and documents, ideally including knowledge of the Australian Commonwealth Procurement Guidelines
- (vi) Experience in the use of computerised procurement systems for procurement and contract management, monitoring and reporting
- (vii) Excellent interpersonal skills
- (viii) Excellent written and verbal communications skills in the English language

National Logistics Officer

The National Logistics Officer must have:

- (i) Extensive experience in all aspects of supply chain management, including the receipt, storage and stock control of materials, and of managing their distribution to remote locations in Papua New Guinea, ideally in the Health Sector
- (ii) Experience in preparing logistics plans
- (iii) Good working knowledge of in-country distribution systems and related documentation
- (iv) Knowledge of office software applications
- (v) A minimum of 3 years experience in donor funded programs
- (vi) Good verbal and written communications skills in the English language

National Finance and Administration Officer

The National Finance and Administration Officer must have:

- (i) Extensive experience in financial management and accounting
- (ii) Knowledge of computerised accounting systems
- (iii) Extensive experience in project administration
- (iv) Knowledge of reporting and the generating of statistics
- (v) Knowledge of office software applications
- (vi) A minimum of 3 years experience in donor funded programs
- (vii) Good verbal and written communications skills in the English language

National Secretary

The National Secretary must have:

- (i) Extensive experience in carrying out secretarial functions
- (ii) Knowledge of office software applications
- (iii) Experience in office organisation
- (iv) A minimum of 3 years in donor funded programs
- (v) Good verbal and written communications skills in the English language

APPENDIX 2
to Detailed Description of Services

MEDICAL SUPPLY KITS DISTRIBUTION PLAN
(current, but subject to modification)

(electronic file to be provided separately)

APPENDIX 3
to Detailed Description of Services

LIST OF COLD CHAIN EQUIPMENT TO BE PROCURED

(see attached separate electronic file)

Annex B
to Invitation to Submit Proposals

Information Relevant to Proposal Preparation

Information Relevant to Proposal Preparation

1. Annex B to the ISP contains information and instructions for the PASP Agents at the proposal preparation stage, to assist them in preparing proposals that are fully responsive to the DDS. It will not apply to the assignment execution phase, and will be deleted from the DDS that forms part of the Services Order issued to the successful PASP Agent.
2. *Proposal Response*
 - 2.1 In responding to the Detailed Description of Services (DDS) each PASP Agent is required to provide detailed presentations in the following areas:
 - (a) its view of the appropriateness of the DDS for the assignment, including any proposed alterations, additions and/or timing considerations,
 - (b) the approach it will adopt in carrying out the assignment,
 - (c) the expertise it will mobilise in carrying out the work,
 - (d) timetable,
 - (e) the results that will be achieved, and
 - (f) the reports that will be provided.
 - 2.2 In addition to the content of proposals implied by Section 2.1 above each PASP Agent is requested to ensure conciseness of approach in its presentation. General, vague or other unfocused text is neither required nor welcomed. Similarly, marketing passages espousing the virtues of the firm, its strengths and track record, are not needed.
 - 2.3 Instead, AusAID would like to receive proposals that are concise, focused, to the point, and which:
 - (a) address the issues described in this DDS,
 - (b) respond to them with clear and appropriate proposals,
 - (c) offer precise approaches for the task,
 - (d) offer excellent skilled professionals for the assignment, and
 - (e) provide clear evidence of the practical experience of the specialists proposed.

3. *Approach*

3.1 Ground that AusAID will expect to see covered in the areas indicated in Section 2.1 above includes:

- (a) Outline any suggested refinements to the DDS to improve its appropriateness and likely efficiency and efficacy for the assignment. The PASP Agents should not be afraid to propose suggested improvements to the DDS. Equally, they should not feel that this is an essential requirement, or that their proposals will be evaluated less favourably if they do not do so. AusAID is interested in professional, thoughtful responses, and has no agenda other than this.
- (b) How, precisely, will each PASP Agent approach its tasks in carrying out the assignment?
- (c) How will each PASP Agent's Team facilitate the full participation of the NDoH and other organs of GoPNG in the assignment, and thus ensure joint ownership of the process and the result?

4. *Expertise*

4.1 The international expertise to be deployed by the PASP Agents in carrying out the assignment should be defined in the PASP Agents' proposals. AusAID does not believe that the task is appropriate for a single Procurement Specialist, and thus expects a team approach. The required team composition is defined in Appendix 1 to the DDS.

4.2 PASP Agents are free to offer more specialists than those specified in Appendix 1 to the DDS, but are not permitted to offer fewer. They also should consider whether the most appropriate team composition is the one specified in Appendix 1 to the DDS, or whether expertise in complementary areas may also be desirable.

4.2 In presenting the proposed international expertise, and the CVs for them, the PASP Agents are required to demonstrate that:

- (a) each specialist proposed has substantial experience in his/her field,
- (b) the combination of specialists covers all relevant areas of the assignment, and
- (c) each team member has direct, practical experience of executing complex international procurement programs, ideally in the Health Sector and ideally involving distribution of supplies in difficult operating environments – any specialist proposed that only has theoretical knowledge will not be favourably viewed.

4.3 Proposals are not required to include CVs for the national members of staff. These will be recruited by the successful PASP Agent immediately upon mobilisation in PNG.

5. *Timetable*

- 5.1 A timetable for carrying out the assignment must be provided. In this regard, the PASP Agent should note that it is expected to commence as early as possible before the end of February 2011.

6. *Results*

- 6.1 Proposals must be clear in describing accurately what results will be achieved.

7. *Logistics*

- 7.1 The Procurement Team will establish and equip its own independent program office in Port Moresby.
- 7.2 The PASP Agent is responsible for paying all costs for its team, although office costs and residential accommodation costs for the international specialists will be reimbursable.

Annex C
to Invitation to Submit Proposals

Financial Proposal Format

PROVISION OF SPECIALIST PROCUREMENT SERVICES
AUSTRALIAN SUPPORT TO THE HEALTH SECTOR IN PAPUA NEW GUINEA (PNG)

FINANCIAL PROPOSAL FORMAT

Tenderers must present their Financial Proposals in the following format:

1. Table 1 – Procurement Fees

<i>Procurement Fee Percentage</i>	<i>Procurement Fee Amount (AUD)</i>
Procurement fee:% x indicative spend of AUD 33.8 million on the procurement components detailed in Sections 1.2.3 (a) to (d) of the DDS ^(Note 1) =	

Note to Procurement Fee Table 1

Note 1 - This figure is an estimate only, and is not a guaranteed value of procurement to be implemented by the PSO.

2. Table 2 – Reimbursable Costs

<i>Reimbursable Costs (Only the following categories of Reimbursable Costs are permitted)</i>	<i>Months</i>	<i>Unit Cost (AUD)</i>	<i>Total Cost (AUD)</i>
Accommodation - International Procurement Specialists			
Office accommodation			
Total Upper Limit			

3. Notes to Tables 1 and 2

3.1 The tables above **must** be prepared on the basis of:

3.1.1 fees and costs being payable in accordance with the draft Services Order at Annex D to the Invitation to Submit Proposals, and

3.1.2 all prices being expressed in Australian dollars exclusive of Australian Goods and Services Tax (GST).

3.2 For the purposes of financial evaluation of the proposals, as described in Section 5 of Annex E to the Invitation to Submit Proposals, the Total Financial Proposal Price will be considered to be the total procurement fees quoted in Table 1 above. Reimbursable costs will be excluded.

3.3 The maximum total amount payable under the Services Order issued to the successful PASP Agent will be the sum of the amounts quoted in Tables 1 and 2 above.

**Annex D
to Invitation to Submit Proposals**

Draft Services Order



Australian Government
AusAID

Annex D
to Invitation to Submit Proposals

Draft Services Order

[Insert Title, First Name and Surname]
[Insert Position]
[Insert Contractor Name]
[Insert Postal Address]

[Insert Date]

Dear ***[Insert Title and Surname]***

**Services Order No. *[Insert number]* for the Procurement Agent Services Program
Procurement Specialist Services in connection with Australian Support to the Health
Sector in Papua New Guinea**

You have agreed to provide services for the above project in accordance with AusAID Period Offer No. ***[Insert number]***.

Attached is a Services Order issued under this Period Offer. This Services Order brings into existence a contract between AusAID and the Contractor ***[Insert Contractor Name]***, ***[Insert ABN or other company registration number]***, to provide the Services outlined in the Period Offer and those specified under “**Services**” in the attached Services Order.

Please note that you are not required to sign or return the Services Order.

Yours sincerely

[Insert Name]
[Insert Position and Section]
FMA Act s.44 Delegate

SERVICES ORDER
PASP - PART B
Procurement Specialist Services in connection with Australian Support to the Health Sector in
Papua New Guinea 2010

This Services Order is issued by AusAID in accordance with the clause headed **Formation of Periodic Contracts** of the Period Offer Deed number *[Insert number]* between AusAID and *[Insert Contractor Name]* (the “Contractor”), *[Insert ABN or other company registration number]*, and brings into existence a periodic contract between AusAID and the Contractor for the provision of the Services detailed below subject to the terms and conditions set out in Parts A and B of the Deed other than where any of the content of the Services Order, including its annexes and appendices, effectively modifies any of the terms and conditions of the Deed.

1. INTERPRETATION

- 1.1 All terms used in this Services Order have the same meaning as is given to them in the Deed, unless the context otherwise requires.

2. TERM OF SERVICES ORDER

- 2.1 The term of this Services Order commences upon issue of this Services Order signed by AusAID being the date indicated at the end of this Services Order and continues until all obligations under this Services Order have been fulfilled or earlier notice of termination under this Services Order.
- 2.2 The Contractor must commence the Services no later than *[Insert date]* 2011 and must complete the Services by 30 April 2012. The Contractor may be required to continue providing services after this date and/or to provide services for additional procurement requirements and/or to provide capacity development services. The options for AusAID to extend and/or expand the Services Order, or to replace it with an alternative contractual mechanism, are defined in Sections 2.2 to 2.5 of the Detailed Description of Services at Annex A to the Services Order.

3. THE SERVICES

- 3.1 The Contractor shall provide the Services defined in Annex A, Detailed Description of Services *[insert if necessary – with the exception of those Services related to the STI Clinics referred to in Section 1.2.3 (d) of Annex A, which are excluded]*.
- 3.2 If there is a conflict in the requirements of Annex A and Clauses 1 to 13 of the Services Order, any or all of Clauses 1 to 13 of the Services Order, as appropriate, shall prevail to the extent of the conflict.

4. NOTICES

- 4.1 Notwithstanding the clause headed ‘Notices’ in the **Part B, Project Specific Conditions** of the Period Offer Deed, for the purposes of this Services Order the address of a Party shall be the address set out below or another address which that Party may from time to time give notice of in writing to the other Party:

AusAID

To: Mr Geoff Clark
Counsellor, Health

Postal Address: Australian Agency for International Development
Locked Bag 129
Waigani

Port Moresby NCD
Papua New Guinea

Street Address: 4th Floor
Deloitte Tower
Port Moresby NCD
Papua New Guinea

Facsimile: + 675 321 6450

Contractor:

To: ***[Insert Contractor Name]***

Attention: ***[Insert Title, First Name and Surname]***

Postal Address: ***[Insert Postal Address]***

Street Address: ***[Insert Street Address]***

Facsimile: ***+[Insert fax number, including country code]***

5. CONTRACTOR PERFORMANCE ASSESSMENT

- 5.1 The Contractor agrees that AusAID may issue a Contractor performance assessment in relation to the Contractor's performance in carrying out the Services Order. The Contractor performance assessment shall be substantially in accordance with the assessment sheets attached to this Services Order at Annex B to the Services Order. The Contractor shall sign and return the completed Contractor performance assessment together with any response the Contractor wishes to include.

6. REPORTING REQUIREMENTS

- 6.1 The Contractor must provide the reports stipulated in Section 3.4 of Annex A to the Services Order.
- 6.2 All reports must:
- 6.2.1 be provided in accordance with the specification under Standard Conditions clause headed **Reports** in the PASP Period Offer Deed number ***[Insert number]***;
 - 6.2.2 be accurate and not misleading in any respect;

- 6.2.3 be prepared as directed by AusAID;
- 6.2.4 be provided in the format and on the media approved or requested by AusAID;
- 6.2.5 not incorporate either the AusAID or the Contractor's logo; and
- 6.2.6 be provided at the times specified in Section 3.4 of Annex A to this Services Order;

7. CONTRACTOR'S PERSONNEL

- 7.1 The Contractor shall provide the following Personnel:

Name of Personnel	Position
[Insert name]	International Team Leader, Procurement and Logistics Specialist
[Insert name]	International Procurement Specialist (Infrastructure)
[Insert name]	International Procurement Specialist (Medical Equipment)
To be recruited following mobilisation and recorded by formal Variation of the Services Order	National Logistics Officer
To be recruited following mobilisation and recorded by formal Variation of the Services Order	National Finance and Administration Officer
To be recruited following mobilisation and recorded by formal Variation of the Services Order	National Secretary

Note: The Contractor is required to obtain AusAID approval of the proposed national positions before they are recruited.

8. TOTAL AMOUNT PAYABLE AND PAYMENT ARRANGEMENTS

- 8.1 For the purposes of this Services Order only, Clauses 2.2 and 7 of Schedule 2 of the PASP Period Offer Deed do not apply. Instead, payments shall be made as defined in Sub-clause 8.2 and Clauses 10 to 13 hereunder
- 8.2 The maximum amount payable by AusAID to the Contractor under this Services Order shall not exceed the sum of AUD **[Insert Amount – includes imprest payments, procurement fees and reimbursable costs]**, plus GST if any up to a maximum amount of AUD **[Insert Services Order amount]** made up as follows:
 - 8.2.1 AUD **[Insert Amount]** (**[Insert Amount]** million Australian dollars) plus GST if any up to a maximum amount of AUD **[Insert percentage of the Agreement amount]** in Procurement Fees.
 - 8.2.2 AUD **[Insert Amount]** (**[Insert Amount]** million Australian dollars) plus GST if any up to a maximum amount of AUD **[Insert Amount]** (**[Insert Amount]** million Australian dollars) in funding payable to the Imprest Account in respect of the procurement to be undertaken pursuant to Sections 1.2.3 (a) to (c) of Annex A to the Services Order.

8.2.3 AUD **[Insert Amount]** (**[Insert Amount]** Australian dollars) plus GST if any up to a maximum amount of AUD **[Insert percentage of the Agreement amount]** in Reimbursable Costs.

[insert if necessary:

8.2.4 AUD **[Insert Amount]** (**[Insert Amount]** million Australian dollars) plus GST if any up to a maximum amount of AUD **[Insert Amount]** (**[Insert Amount]** million Australian dollars) in funding payable to the Imprest Account in respect of the procurement of the STI Clinics referred to in Section 1.2.3 (d) of Annex A to the Services Order.]

9. FEES AND REIMBURSABLES

9.1 Reimbursables

Reimbursable costs shall be those actually incurred by the Contractor, as provided for in Clause 10 hereunder.

9.2 Procurement Fees

The procurement fee of **[Insert Number]** % (**[Insert Number]** percent) of the value of contracts placed and managed to completion by the Contractor is fixed and firm for the duration of the Services Order.

10. REIMBURSABLES PAYABLE

10.1 AusAID shall pay the Contractor monthly in arrears, subject to receipt by AusAID of a correctly rendered invoice, for the following Reimbursable Costs only, up to a maximum amount of **[Insert maximum amount of Reimbursables]**. Actual costs shall be reimbursed, up to the individual limits shown in Table 1 – Reimbursable Costs.

Table 1 – Reimbursable Costs

<i>Expense</i>	<i>Months</i>	<i>Cost/Rate AUD</i>	<i>Total AUD</i>
Accommodation – [insert number] international long term specialist(s)	[insert number]	[insert amount]	[insert amount]
Office accommodation	[insert number]	[insert amount]	[insert amount]
Total Upper Limit	-	-	[insert amount]

11. FEES

11.1 The Procurement Fees of **[insert number]** % (**[insert number]** percent) of the value of contracts placed and managed to completion by the Contractor shall be paid by AusAID to the Contractor within thirty (30) days of receipt by AusAID of properly detailed and supported invoices, on the following basis:

- (a) 75% (seventy-five percent) of the said Procurement Fees upon placement of the contract by the Contractor, and

- (b) 25% (twenty-five percent) of the said Procurement Fees upon final completion of the contract placed by the Contractor. For any contracts that have not been completed by the date of expiry of the Services Order only one half of this amount (ie 12.5% of the agreed procurement fee) will be payable on that date.

11.1.2 The Contractor must give AusAID the Program Procurement Manual for approval before submitting the first invoice for the Procurement Fees.

11.1.3 The Contractor will combine the Procurement Fees due on a monthly basis, submitting a single consolidated invoice at the end of each month, rather than presenting individual contract by contract invoices. AusAID may delay the payment of an invoice if the Contractor has not submitted to AusAID the reports due as specified in Clause 3.4.1 of Annex A to the Services Order.

12. FUNDING PAYABLE TO THE IMPREST ACCOUNT

12.1 For the purposes of this Services Order only, the provisions of Clause 54.9 of Part B of the Deed do not apply

12.2 The maximum amount payable to the PASP Imprest Account will be AUD ***[insert amount]*** (***[insert amount]*** million Australian dollars). Imprest Account funds are only to be used to make payments against contracts that the Contractor has placed for the provision of goods, works or services for the benefit of beneficiaries in the Health Sector. Under no circumstances are Imprest Account funds to be used for the payment to the Contractor of Procurement Fees or Reimbursable Costs.

12.3 The first payment is payable following receipt by AusAID of the performance security referred to in Clause 12.4 below. Each subsequent payment is payable quarterly following AusAID approval of the Contractor's:

12.3.1 statement of acquittal evidencing that at least 75% of the previous quarter's payment has been properly expended; and

12.3.2 cashflow projection of funds required for the next quarter.

12.4 The Contractor must provide AusAID, prior to the deposit by AusAID of monies into the Imprest Account, with a performance security in the form of an unconditional and irrevocable financial undertaking from a financial institution authorised to carry on banking business under the *Banking Act 1959* (Cth) in Australia or any other financial institution approved by AusAID at its absolute discretion.

12.5 The performance security provided must be in the form appearing in Annex C to the Services Order, must be provided at the Contractor's cost in the amount of AUD 5,000,000 (five million Australian Dollars) and must be valid for the full term of the Services Order including any extensions thereof.

12.6 In the event the balance of monies in the Imprest Account exceeds, or is forecast to exceed, AUD 5,000,000 (five million Australian Dollars) at any time AusAID may instruct the Contractor to increase the amount of the performance security commensurately or to provide a supplementary performance security for the excess amount. The Contractor shall comply immediately with any such instruction.

12.7 AusAID is not obliged to make any payments under the Services Order, whether or not such payments are due, prior to receipt of the performance security or securities duly executed and, where applicable, stamped, in accordance with Clauses 12.4 to 12.6 above.

12.8 If AusAID becomes entitled to exercise all or any of its rights to recover moneys under or in relation to the Services Order, AusAID may exercise all or any of its rights under the performance security.

13. CLAIMS FOR PAYMENT

13.1 Tax invoices must be submitted when due in accordance with this Services Order, in a form identifying the project/activity title, the Services Order number **[Insert Number]**, and in accordance with the PASP Period Offer Deed Standard Conditions clause headed **Payment**. Invoices must also contain the Payment Event numbers notified by AusAID.

13.2 All tax invoices must be **made** out to:

Chief Finance Officer
Australian Agency for International Development
GPO Box 887
CANBERRA ACT 2601

13.3 Tax invoices should be sent to the above address. Alternatively AusAID will accept electronic tax invoices. These can be sent to:

accountsprocessing@ausaid.gov.au

13.4 Invalid invoices will be returned to the Contractor. Information on what constitutes a valid tax invoice can be found at:

<http://www.ato.gov.au/businesses/content.asp?doc=/content/50913.htm>

List of Annexes:

- A Detailed Description of Services
- B Contractor Performance Assessment
- C Unconditional and Irrevocable Financial Undertaking

Issued for and on behalf of the
Commonwealth of Australia represented by
the Australian Agency for International
Development by:

Signature of FMA Act s44 Delegate

[Insert Name]

Name

In the presence of:

Signature of witness

[Insert Position and Section]

Position, Section

Name of witness

Dated:

**Annex A
to Services Order**

Detailed Description of Services

(to be inserted)

**Annex B
to Services Order**

Contractor Performance Assessment

CONTRACTOR PERFORMANCE ASSESSMENT

Agreement: Services Order No. <i>[Insert Number]/[Insert Number of Services Order]</i> for the Procurement Agent Services Program – Australian Support to the Health Sector in Papua New Guinea	
Contractor: <i>[Insert Name]</i>	Country: Papua New Guinea
Agreement Manager: Mr Geoff Clark – AusAID Health Counsellor, Papua New Guinea	Agreement #: <i>[Insert Number]/[Insert Number of Services Order]</i>
Agreement Period: <i>[Insert Start Date]</i> to 30 April 2012	Date of Assessment:
Nature of Assignment: Provision of procurement implementation services for procurements in connection with Australian Support to the Health Sector in Papua New Guinea	

1=Weak 2=Marginally Satisfactory 3=Satisfactory 4=Highly Satisfactory 5=Best Practice

Assessment Criteria	Performance Rating*					
Organisation's Management & Administrative Support	N/A	1	2	3	4	5
Adequacy of preparations and logistical support for assignment (including overseas)						
Timeliness and accuracy of invoicing, etc and compliance with relevant Services Order terms						
Performance of Personnel	N/A	1	2	3	4	5
Understanding of the requirements of the Detailed Description of Services						
Awareness and response concerning assignment risks, issues and problems						
Effectiveness of communications with counterparts, AusAID & other stakeholders						
Responsiveness to AusAID requests and instructions						
Activity Outcomes	N/A	1	2	3	4	5
Quality of Services Order milestones performance and deliverables (including reports, assessments and advice)						
Assignment completed within time and budget						

* NOTE: A rating of 2 or less needs to be supported by further comments below

Further Comments:

.....

AusAID Agreement Manager

.....

Contractor Representative

Response Attached Yes / No

NOTE TO CONTRACTOR

A copy of this assessment will be provided to our Agreements, Safeguards and Partner Performance Section (ASPP) for placement on your performance file. The information may be used by AusAID as part of any future Contractor selection process including consideration by Tender Assessment Panels convened by AusAID to evaluate tender proposals. Should you wish to respond to any of the issues raised, a copy of your response should be attached to this assessment and sent to AusAID within 28 days. This response will also be provided to ASPP for placement on your performance file.

**Annex C
to Services Order**

Unconditional and Irrevocable Financial Undertaking

Unconditional and Irrevocable Financial Undertaking

THIS DEED POLL made

2011

BY:

[_____]
(the “**Guarantor**”)

FOR THE BENEFIT OF:

COMMONWEALTH OF AUSTRALIA (represented by the Australian Agency for International Development (“**AusAID**”).

RECITALS:

- A. AusAID and **[to be inserted]** (hereinafter called the “**Contractor**”) have agreed to enter into a contract for the provision by the Contractor of procurement services in connection with Australian Support to the Health Sector in Papua New Guinea (“the Contract”).
- B. The Contractor has agreed to provide AusAID, prior to the first payment to be made under the said Contract, with a performance security in respect of the services to be performed by the Contractor in accordance with the executed Contract.
- C. The Contractor has agreed that the performance security shall be in the form of an unconditional and irrevocable financial undertaking of AUD 5,000,000 (five million Australian dollars) (“the Undertaking”).
- D. The Guarantor has signed this Deed Poll at the request of the Contractor and in consideration of AusAID accepting the Undertaking.
- E. AusAID enter into the Contract with the Contractor on condition that the Contractor provides the Undertaking and the Guarantor signs this Deed Poll.

THE GUARANTOR DECLARES as follows:

- 1. The Guarantor unconditionally undertakes and covenants to pay to AusAID on demand without reference to the Contractor and notwithstanding any notice given by the Contractor to the Guarantor not to pay same, any sum or sums which may from time to time be demanded in writing by AusAID to a maximum aggregate sum of AUD 5,000,000 (five million Australian dollars).
- 2. The Guarantor's liability under this Undertaking shall be a continuing liability and shall continue until payment is made under this Undertaking of the said maximum aggregate sum or AusAID notifies the Guarantor that this Undertaking is no longer required.
- 3. This Undertaking shall be governed by and construed in accordance with the laws for the time being in force in the Australian Capital Territory.

4. The Guarantor may at any time pay to AusAID the maximum aggregate sum or such lesser sum remaining after any part payment or payments, which payment shall discharge this Undertaking.

EXECUTED as a deed poll.

SIGNED, for and on behalf **of the**
GUARANTOR, **by:**

Signature of Director

Signature of Director/Secretary

Name of Director
(Print)

Name of Director/Secretary
(Print)

OR

SIGNED, for and on behalf of **the**
GUARANTOR **under power of attorney in the**
presence of:

Signature of attorney

Signature of witness

Name of attorney
(Print)

Name of witness
(Print)

Date of power of attorney

Annex E
to Invitation to Submit Proposals

Evaluation Criteria and Procedure

Annex E
to Invitation to Submit Proposals

Provision of Specialist Procurement Services
Australian Support to the Health Sector in Papua New Guinea (PNG)
Evaluation Criteria and Procedure

1. *Introduction*

- 1.1 Determination of which proposal constitutes the best value for money will be achieved by applying a scoring system combining an 80% technical weighting with a 20% financial weighting. The procedure for operating this system will be as follows:

2. *Receipt of Proposals and Issue to the Evaluation Team*

- 2.1 The officer responsible for receiving proposals is Mr Brian Dowling.
- 2.2 Immediately after the deadline for receipt of proposals Mr Dowling will issue only the Technical Proposals to the members of the Evaluation Team.
- 2.3 Mr Dowling will retain the Financial Proposals in secure, confidential conditions until the Evaluation Team has reached its Average Technical Score for each Technical Proposal

3. *Technical Evaluation*

- 3.1 Each Technical Proposal will be awarded a Technical Score out of a maximum of 100 points. These 100 points are broken down as follows:

<i>Methodology and Work Plan</i>		20
Technical approach and methodology	11	
Work plan	3	
Organisation and staffing	6	
<i>Procurement Team</i>		80
<i>International Team Leader, Procurement & Logistics Specialist</i>	(40)	
Skills and formal qualifications	5	
General professional experience	10	
Specific experience relevant to the assignment	25	
<i>Sub-total: International Team Leader, Procurement & Logistics Specialist</i>		
<i>International Procurement Specialist (Infrastructure)</i>	(24)	
Skills and formal qualifications	3	
General professional experience	6	
Specific experience relevant to the assignment	15	
<i>Sub-total: International Procurement Specialist (Infrastructure)</i>		

<i>International Procurement Specialist (Medical Equipment)</i>	<i>(16)</i>	
Skills and formal qualifications	2	
General professional experience	4	
Specific experience relevant to the assignment	10	
<i>Sub-total: International Procurement Specialist (Medical Equipment)</i>		
Total		100

- 3.2 Each Evaluator will complete his/her technical evaluation of the written Technical Proposals. S/he will insert his/her scores in the Initial Technical Score columns of the Technical Evaluation Grid at Attachment A hereto.
- 3.3 Each Evaluator will then sign and date all his/her completed Technical Evaluation Grids. When all the members of the Evaluation Team have completed their Technical Evaluation Grids for all Technical Proposals copies of all the grids will be exchanged between all members of the Evaluation Team.
- 3.4 The Evaluation Team will discuss the Initial Technical Scores in order to identify any possible anomalies or major differences in scoring. For example, one Evaluator might score 10 for the Team Leader's specific experience, while another scores 25. It is likely that if there are any such anomalies or major differences in scoring these will have resulted from differing interpretations or perceptions of the Technical Proposal. Discussion will highlight this, and enable any invalid interpretations or perceptions to be corrected. Evaluators are permitted to adjust their scoring, if appropriate, in the light of such discussion. The Revised Technical Score after Evaluation Team Discussion columns will then be completed accordingly. Thereafter, each member of the Evaluation Team will re-sign and re-date all his/her completed Technical Evaluation Grids and exchange copies of these with the other Evaluators.
- 3.5 In the event that any anomalies or major differences in scoring remain after discussion, detailed justifications for the scores in question must be included in the evaluation report. In any event, each Technical Evaluation Grid must be completed with notes justifying the scores that have been awarded in it.
- 3.6 The Revised Technical Scores after Evaluation Team Discussion of all the Evaluators for each Component will be added together, then divided by the number of Evaluators, resulting in the Average Technical Score for each Component.
4. *Technical Threshold and Conclusion of Technical Evaluation*
 - 4.1 In order to go forward to the Financial Evaluation stage of the evaluation process Technical Proposals are required to achieve a minimum Average Technical Score of at least 70. Any proposal that fails to achieve this minimum score will be rejected and not considered any further.
 - 4.2 The Technical Proposal with the highest Average Technical Score is then awarded 100 points as its Final Technical Score. The other Technical Proposal receives as its Final Technical Score the number of points arrived at by dividing its Average Technical Score by the highest Average Technical Score and multiplying the result by 100.

- 4.3 Thereafter, the officer responsible for receipt and secure storage of proposals, Mr Brian Dowling, will issue the Financial Proposals to the Evaluation Team as follows:
- 4.3.1 upon receipt by Mr Dowling of completed and signed Final Technical Evaluation Grids from each of the members of the Evaluation Team for each of the Technical Proposals, and
 - 4.3.2 upon receipt by Mr Dowling from the Evaluation Team of a summary sheet showing the Average Technical Score and the Final Technical Score achieved by each Technical Proposal,
 - 4.3.3 s/he will then issue the Financial Proposals to each member of the Evaluation Team, only for the proposals that have achieved the minimum acceptable Average Technical Score of 70 points. The Financial Proposal of any proposal that fails to reach the 70 points threshold will be retained by Mr Dowling and not issued to the Evaluation Team.

5. *Financial Evaluation*

- 5.1 For the purposes of the Financial Evaluation the Total Financial Proposal Price is considered to be the total procurement fees quoted for the assignment. Reimbursable costs are excluded.
- 5.2 The lowest Total Financial Proposal Price is awarded 100 points. The other Total Financial Proposal Price is awarded a score in direct relation to this price, using the following formula:

$\frac{\text{Lowest Total Financial Proposal Price}}{\text{Other Total Financial Proposal Price}}$	X	100 =	Financial Score
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6. *Combined Technical and Financial Evaluation*

- 6.1 Each agent's Final Technical Score is given a 0.8 weighting, and each Financial Score receives a 0.2 weighting, as follows:
- Final Technical Score x 0.8 = Weighted Technical Score
- Financial Score x 0.2 = Weighted Financial Score
- 6.2 The Weighted Technical Score and the Weighted Financial Score are added together, resulting in the Combined Evaluation Score.
- 6.3 The agent receiving the highest Combined Evaluation Score will be recommended for award of the PASP Services Order.

7. *Evaluation Report*

- 7.1 A short evaluation report will be prepared. This will summarise the results of the evaluation, including the proposed award recommendation, and will be signed by each member of the Evaluation Team. Each Evaluator's completed Technical Evaluation Grids will be annexed to it.

**Attachment A
to Annex E
to Invitation to Submit Proposals**

**Provision of Specialist Procurement Services
Australian Support to the Health Sector in Papua New Guinea (PNG)**

Technical Evaluation Grid

PASP Agent:

	Maximum Possible Technical Score	Initial Technical Score	Revised Technical Score after Evaluation Team Discussion
<i>Methodology and Work Plan</i>	(20)		
Technical approach and methodology	11		
Work plan	3		
Organisation and staffing	6		
<i>Procurement Team</i>	(80)		
<i>International Team Leader, Procurement & Logistics Specialist</i>	(40)		
Skills and formal qualifications	5		
General professional experience	10		
Specific experience relevant to the assignment	25		
<i>Sub-total: International Team Leader, Procurement & Logistics Specialist</i>			
<i>International Procurement Specialist (Infrastructure)</i>	(24)		
Skills and formal qualifications	3		
General professional experience	6		
Specific experience relevant to the assignment	15		
<i>Sub-total: International Procurement Specialist (Infrastructure)</i>			
<i>International Procurement Specialist (Medical Equipment)</i>	(16)		
Skills and formal qualifications	2		
General professional experience	4		
Specific experience relevant to the assignment	10		
<i>Sub-total: International Procurement Specialist (Medical Equipment)</i>			
Total	(100)		

Supporting notes justifying the scores recorded above:

Signed:

Name:

Designation:

Date: