



**Technical Assistance to the Ministry of Finance for  
the Implementation of the Ghana Public Finance  
Management Support Programme**

**FED/2018/399-795**

*PPA Framework Agreement  
Guidelines – Revised*

*October 2019*



This project is funded by  
The European Union



A project implemented by an EY led consortium

*This publication has been produced with the financial support of the European Union.  
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<b>Project Title: Technical Assistance to the Ministry of Finance for the Implementation of the Ghana Public Finance Management Support Programme</b>		
<b>Project Number: GH/FED/039-770</b>		
<b>Contract Number: FED/2018/ 399-795</b>		
<b>Country: Ghana</b>		
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<b>Project start date</b>	5 <sup>th</sup> February 2019	
<b>Project duration</b>	36 months	
<b>Project end date</b>	4 <sup>th</sup> February 2022	
<b>Date of Report</b>	October 2019 (Draft Version)	
<b>Reporting period</b>	July- October 2019	
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## Abbreviations

Acronym	Full Meaning
CIPS	Chartered Institute of Purchasing and Supply
EU	European Union
EY	Ernst and Young
FA	Framework Agreement
FCA	Framework Contracting Agreement
FCPO	Framework Contract Purchase Order
FWA	Framework Agreement
GAS	Ghana Audit Service
GoG	Government of Ghana
IAA	Internal Audit Agency
ICT	International Competitive Tender
LE	Lead Entity
LFM	Lead Framework Manager
LI	Legislative Instrument
PPA	Public Procurement Authority
NCB	National Competitive Bidding
NCT	National Competitive Tender
RFQ	Request for Quotation
STD	Standard Tender Document
UNCITRAL	United Nations Commission on International Trade Law
WB	World Bank

## 1 Definition of Framework Agreement

The definition of Framework Agreement shall be the definition provided under Section 98 of Act 663 as amended, as follows:

*“A long-term agreement with suppliers, contractors and providers of non-consulting services which sets out terms and conditions under which specific procurements (call-offs) can be made throughout the term of the agreement. Framework agreements are generally based on prices that are either pre-agreed or determined at the call-off stage through competition or a process allowing their revision without further competition”.*

The following definition, provided by UNCITRAL, is consistent with the definition provided above and may be quoted to further explain the definition of a Framework Agreement:

*“Framework agreement” means an agreement between the procuring entity and the selected supplier (or suppliers) or contractor (or contractors) concluded upon completion of the first stage of the framework agreement procedure.*

## 2 Characteristics of Framework Agreement

- a) The Framework Agreement does not constitute a binding contract as such but concludes a standing offer by the Supplier to supply the specified Goods/ Services to the Purchaser(s) during the Term of the Framework Agreement, as and when the Purchaser(s) wishes to purchase them, through a Call-off Contract.
- b) No contract exists until an entity issues an order or “call-off” against the Framework Agreement that has been established.”
- c) Call-offs against an FWA have a faster processing time and reduced paper work because prices and terms have been settled in advance and there is no need for further negotiation.
- d) Terms and conditions are pre-determined and applicable to Call-offs/Purchase Orders (contracts). These usually include the fees, charge rate or pricing mechanism.
- e) Framework Agreement is a “contract without consideration” for the purchase and supply, under a separate Call-off Contract, of specified goods or services.
- f) The Agreement may apply to a Single-User or Multi-Users. It may also apply to Single Supplier or Multiple Suppliers.
- g) The Framework Agreement may also specify call-off quantities that may be definite, indefinite or requirement based.
- h) Framework Agreement minimizes delays and administrative costs of the procurement process particularly in emergency situations.

## 3 Circumstances under which Framework Agreement is Appropriate

The circumstances under which use of framework agreement is appropriate include the following

- a) Goods that can be procured off-the-shelf, or are of common use with standard specifications;
- b) Frequent reordering based on the same, or similar requirements, or set of specifications.
- c) Technical services that are of a simple and non-complex nature and may be required from time to time by the same entity (or multiple entities).
- d) The actual demand may not be known at the outset and delivery is to be made when a requirement arises.
- e) Where various sections or units of a Procurement Entity, require the same items.
- f) Where different entities procure the same Goods, Works, or Technical Services, and aggregating the demand could lead to volume discounts.
- g) No single firm is considered to have sufficient capacity to deliver the full scope of goods or services required.
- h) Where vendor managed inventory is critical.
- i) Where product is of critical nature (to safeguard the quality of the product).

## 4 Types of Framework Agreements

Framework Agreements may be differentiated by:

- a) Scope of deliverables at call-off stage
- b) Parties to the Agreement and
- c) Terms/conditions of call-off contract.

The FWA shall specify the applicable type from amongst the following options:

### Scope of deliverables at call-off stage

- |                             |  |
|-----------------------------|--|
| (a) Definite quantities:    | Full requirement over specified period   |
| (b) Indefinite quantities:  | Stated Minimum quantities of at least 25% of the full requirement, over specified period   |
| (c) Recurring requirements: | unlimited access to “on call” specialized services for a particular activity, the extent and timing of which cannot be defined in advance. |

### Parties to the Agreement:

- a) Single User and Single Supplier
- b) Single User and Multiple Suppliers
- c) Multiple Users (with Lead Partner) and Single Supplier
- d) Multiple Users (with Agency) and Multi Suppliers

### Terms of the Agreement:

- |                                    |  |
|------------------------------------|--|
| (a) Fixed terms and conditions:    | Call-off is made without change in FWA conditions.   |
| (b) Variable terms and conditions: | Call-off is based on a request to the supplier(s) to submit updated terms for consideration. |

## 5 Tender Documents for FWAs

Tender documents for FWAs shall follow the standard tender document published by the Public Procurement Authority. The following generic information is to be provided in the tender document

### **PART 1 TENDERING PROCEDURES**

- Section I Instructions to Tenderers (ITT)**
- Section II Tender Data Sheet (TDS)**
- Section III Evaluation and Qualification Criteria**
- Section IV Tendering Forms**
- Section V Eligible Countries**
- Section VI Fraud and Corruption**

### **PART 2 SUPPLY REQUIREMENTS**

- Section VII Schedule of Requirements**

### **PART 3 PROCURING ENTITY FORMS**

- Section VIII Procuring Entity Forms**

### **PART 4 FRAMEWORK AGREEMENT**

- Section A:** Framework Agreement General Provisions
- Section B:** Framework Agreement Specific Provisions

- a. SCHEDULE 1: Schedule of Requirements
- b. SCHEDULE 2: Price Schedules
- c. SCHEDULE 3: Secondary Procurement
- d. SCHEDULE 4: Call-off Contract General Conditions of Contract
- e. SCHEDULE 5: Secondary Procurement Forms
- f. SCHEDULE 6: List of Purchases (if applicable)



## 6 Establishment of FWAs (Stage 1)

The establishment of an FWA shall follow all guiding principles and procedures specified in the Public Procurement Act 2003 (Act 663) as amended, with particular reference to the procurement methods listed in the fifth schedule.

Each offer at stage 1 shall be backed by a Tender Securing Declaration in a form provided by the Public Procurement Authority valid for the term of the framework agreement;

The standard steps to be followed include

- a) Determination of the scope of the procurement package
- b) Choice of procurement method
- c) Inclusion of the package in the Procurement Plan
- d) Invitation for tenders
- e) Evaluation of tenders
- f) Formation and signing of FWA

Depending on the type of FWA envisaged (as listed in section 4 above), the tendering process during stage 1 will result in the establishment of an FWA with a Single Supplier, or Multiple Suppliers.

### **Criteria for establishment of a Single-Supplier Framework Agreement:**

The Procuring Entity will conclude the Framework Agreement with the Tenderer that meets the qualification criteria and whose Tender has been determined to be:

- (a) substantially responsive to the Tendering document; and
- (b) lowest evaluated cost for the goods/services to be supplied

### **Criteria for establishment of a Multi-Supplier Framework Agreement:**

The Procuring Entity will conclude Framework Agreements with Tenderers that meet the qualification criteria and whose Tenders have been determined to be substantially responsive as follows;

- (a) All Tenderers shall be ranked in terms of evaluated cost(s), with the first ranked being the lowest evaluated cost, the second ranked being the second lowest evaluated cost, and so on.
- (b) The Procuring Entity/Agency shall conclude an FWA with:
  - (i) All the Tenderers ranked in (a) above if no maximum number of suppliers is specified in **Tender Data Sheet**
  - (ii) the Tenderers ranked first up to the maximum number of suppliers (y) specified in the **Tender Data Sheet**
- (c) If the number of Tenderers is less than the minimum (x) specified in the **Tender Data Sheet** the Procuring Entity/Agency may decide to invite new Tenders. Alternatively, the Procuring Entity may conclude the FWA with all those Tenderers where, an insufficient number of Tenders are received, or an insufficient number of Tenders meet the criteria for conclusion of Framework Agreements.

### **Post Qualification Criteria**

After determining the substantially responsive Tender which offers the lowest-evaluated cost in accordance with **the Instruction to Tenderers**, the Procuring Entity/Agency shall carry out the post-qualification of the Tenderer in accordance with **the Instruction to Tenderers**, using only the requirements specified. Requirements not included in the **Instruction to Tenderers** shall not be used in the evaluation of the Tenderer's qualifications.

## 7 Call Off Contract Process (Stage 2)

### Single Supplier Call-off Process

Where an FWA is signed with a **single supplier**, the call of contract shall be concluded in accordance with the following procedure:

- a) The Purchaser shall issue a Call-off Contract using the prices/pricing mechanism set out in the Framework Agreement, or as adjusted by the agreed price adjustment formula, if applicable and any changes in any Laws and Regulations.
- b) The Purchaser shall request the Supplier and include in the Call-off Contract, the prices for any additional inland transportation and other related services, not included in the Base Price.

### Multiple Supplier Call-off Process

Where the FWA is signed with **Multiple Suppliers**, the call-off contract will be concluded through a secondary procurement process. The secondary procurement shall follow any of the following options, as prescribed in the signed FWA:

- (i) competitive quotations through mini-competition,
- (ii) direct selection based on location, and
- (iii) direct selection based on balanced division of supply.

The following procedure shall be applied for each method:

#### **Competitive quotations (mini-competition)**

The Purchaser will prepare a Request for Quotation (RFQ) and invite all eligible Suppliers holding a Framework Agreement that includes the Goods/Services to be procured under the Call-off contract, to submit competitive quotations.

The RFQ will include:

- (a) Description of the Goods/services, and any Related Services, to be delivered
- (b) delivery location(s)
- (c) delivery date(s) or schedule
- (d) quantity
- (e) any additional requirement for inland transportation and other services.
- (f) details of any inspections or tests that are additional to those described in the Framework Agreement
- (g) the criteria to be applied to the evaluation of quotations
- (h) the award criteria.
- (i) deadline for submission of quotations
- (j) reference to the applicable Terms and Conditions for the Call-off Contract.
- (k) Confirmation by Suppliers that they continue to be eligible and qualified to supply the Goods/services
- (l) *any other relevant information.*

Call-off contract is formed when: “the Purchaser transmits, to the successful Supplier, a Call-off Contract for signature and return, and the Call-off Contract is signed by both the Purchaser and the Supplier. The date that the Call-off Contract is formed, is the date that the last signature is executed.”

### **Direct selection based on location**

The Purchaser will select an eligible Supplier holding a Framework Agreement, to deliver the Goods/services, based on which Supplier is best able to deliver the Goods/services, and any Related Services, based on the location where the Goods/services are to be supplied.

The Purchaser will

- a) issue a Call-off Contract using the prices/pricing mechanism set out in the Framework Agreement,
- b) request the Supplier and include in the Call-off Contract Price the prices for any additional inland transportation and other related services, not included in the Base Price.
- c) Request the Suppliers to confirm that they continue to be eligible and qualified to supply the Goods/services

The Call-off contract is formed when the Purchaser transmits to the successful Supplier, a Call-off Contract for signature and return, and the Call-off Contract is signed by both the Purchaser and the Supplier. The date that the Call-off Contract is formed, is the date that the last signature is executed, or the date agreed by the parties.

### **Direct selection based on balanced division of supply**

The Purchaser will rotate the award of Call-of Contracts amongst all eligible Suppliers holding a Framework Agreement, based on a balanced division of supply linked to an upper limit indicated in the FWA. The following procedure shall apply:

- a) The first Call-off Contract(s) will be issued to the Supplier whose Framework Agreement has the lowest evaluated cost.
- b) The first Supplier will continue to be awarded Call-off Contracts until the total value/quantity of all Call-off Contracts awarded reaches the upper value/quantity limit.
- c) A second supplier, whose Framework Agreement has the second lowest evaluated cost, will then be awarded the subsequent Call-off Contracts until the total value/quantity of all Call-off Contracts awarded reaches the upper value/quantity limit. And so on.
- d) The Purchaser will issue a Call-off Contract using the prices/pricing mechanism set out in the Framework Agreement,
- e) The Purchaser will request the Suppliers and include in the Call-off Contract Price the prices for any additional inland transportation and other related services, not included in the Base Price.
- f) The Purchaser shall confirm that the selected Supplier continues to be qualified and eligible in accordance with Framework Agreement prior to the formation of the Call-off Contract.

The Call-off contract is formed when the Purchaser transmits to the successful Supplier, a Call-off Contract for signature and return, and the Call-off Contract is signed by both the Purchaser and the Supplier. The date that the Call-off Contract is formed, is the date that the last signature is executed, or the date agreed by the parties.