

## **TENDERS**

A tender document is the document sent by a business to potential suppliers. The document starts a process (called a tender process) where the business will decide upon a supplier of goods or services based on a number of factors such as price and availability. A sample of a tender document would detail the specific needs of a business in terms of supply. A supplier would then respond to the tender document by a deadline specified and let the business know if they can meet the specifications and what they can offer.

To invite bids for a project, or to accept a formal offer such as a takeover bid. Tender usually refers to the process whereby governments and financial institutions invite bids for large projects that must be submitted within a finite deadline. The term also refers to the process whereby shareholders submit their shares or securities to a takeover offer

## **TYPES OF TENDER**

There are three types of tendering methods used in construction industry

### **1. Open Tendering**

Invitations of tender that is published and widely distributed to obtain a reasonable and competitive price for cost-saving purposes to the Government. Open tender is an arrangement where an advertisement in local newspapers or trade journals invites contractors to apply for tender documents. A deposit is usually required to ensure that only serious offers are made; Presumably it is needed to cover the cost of copying the documents. Local authorities have been advised against open tendering because it often leads to excessive tender lists where the cost of abortive tendering is considerable. There are instances of selection criteria being applied after the tender has been submitted, so a bid could be rejected if a contractor does not belong to an approved trade association

**Advantages of Open Tender** The main advantage of such tendering is as follow: Give high level of competition and contractors tend to give best prices as compare to other tendering method There is no list of restrictive tenderer, which does not allow favoritismIt is very transparent process which ensures that only the contractor with the best price and meeting all the technical requirements will win the tender. This process is usually manage by procurement board where its staff are trained for such exercises and board ensure that all the procedures involved in tender are followed. **Disadvantages of Open Tender** The low price usually detriment of quality and often result in the client obtaining poor quality job and late completion of work. Given that its open tender and thus there are no restrictions on the number of contractor who can bid and become bulky and lengthy job for tender analyses which often result in delays and high cost.

### **2. Selective Tendering**

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Selective tendering consists of drawing up a list of chosen firms and asking them to tender. It is by far the most common arrangement because it allows price to be the deciding criterion; all other selection factors will have been dealt with at the pre-qualification stage. There are three ways in which selective tendering lists are drawn up: An advertisement may produce several interested contractors and suitable Firms are selected to tender. The consultants may contact those they would wish to put on an ad-hoc list. Many local authorities and national bodies keep approved lists of contractors in certain categories, such as work type and cost range. Contractors who ask to be included on select lists of tenderer are usually asked to provide information about their financial and technical performance, particularly about the type of work under consideration. The National Joint Consultative Committee for Building (NJCC) has written the 'Standard form of tendering questionnaire - private edition' so contractors can prepare answers to relevant questions in advance. The questions mainly deal with projects carried out during the previous three years. Once the form has been completed, it can be used for specific projects or for those compiling lists of selected contractors.

3. Negotiated Tendering. contractor does not belong to an approved trade association. Negotiated Tender :under this method normally one contractor is approached and such tender mainly used for specialist work such as lift system or airport project at big level, in such case there are limited number of contractor who do such work in the market .it is based on one-to-one discussion with contractors to negotiated the terms of contract

#### **4. Waiver of Normal Tender Procedure**

For urgently needed supplies or services as well as for software license renewal needed for the core system that is not done by Open Tender. This can only be awarded to vendors offering specialize products or specialize work. State Tender Board / Mini Tender Board should advise any ministry or department to open any invitation of tenders by getting the best possible price without making any of the participating companies as total monopoly.

#### **5. Quotation**

For supplies or services valued between \$2,000.00 and \$50,000.00 subject to approval by the Head of Department. Quotations from at least three qualified tenderers.