

Procurement Manual



Procurement of Supplies,
Services and Works

Edition No. 6



DanChurchAid

Procurement and Logistics Unit

Meldahlsgade 3

1613 Copenhagen

Denmark

Tel.: +45 3315 2800

Email: procurement@dca.dk

www.danchurchaid.org

**Copyrights © DanChurchAid 2020**

DanChurchAid's Procurement Manual and related templates (all rights reserved) can be used freely by DanChurchAid and implementing partners but may also be available for other organisations that find it useful.

The Manual is copyrighted but may be reproduced by any method for educational and procurement implementation purposes, but not for resale. Formal permission is required for all such uses and a fee may be payable. For copying in other circumstances or for reuse in other publications, or for translation or adaption, prior permission shall be obtained from the copyright owner. A fee may be payable.

DanChurchAid Procurement Manual
6th Edition, 1 January 2020

1	PROCUREMENT POLICY AND PRINCIPLES	1
1.1	Transparency.....	3
1.2	Equal Opportunity	3
1.3	No Conflict of Interest and Anti-Corruption	3
1.4	Proportionality and Competition.....	4
1.5	Ethics	5
1.5.1	Implementation of the Ethical Procurement Principles.....	7
1.6	Support the Project Community	8
1.7	Best Value for Money	8
1.7.1	Award Criterion.....	9
2	PROCUREMENT RESPONSIBILITIES	10
2.1	The DCA Procurement and Logistics Unit HQ.....	10
2.2	DCA Humanitarian Mine Action Programme.....	10
2.3	DCA Country Offices and Implementing Partners.....	11
2.4	Procurement Committee.....	11
3	PROCUREMENT PROCEDURES	13
3.1	Contract Categories	13
3.2	Thresholds and Procurement Procedures.....	14
4	PROCUREMENT PLANNING.....	17
4.1	The Procurement Plan	18
4.1.1	Making Lots	21
4.2	Multi Partner Projects	23
4.3	Consortium Projects	24
4.4	Cash Grants and Vouchers	24
4.5	Community Involvement.....	26
4.6	Use of Own Vehicles	27
4.7	Derogations	28
4.7.1	Blanket Derogations	28
4.7.2	Derogation by Approval	29
4.8	Humanitarian Procurement Centres	30
4.9	Framework Contracts	31
4.10	Running Costs.....	32
4.11	Sourcing of Suppliers and Candidates	33
4.11.1	Mandatory General Advertisement.....	33
4.11.2	Other Sourcing Opportunities.....	33
4.12	Technical Specifications and Terms of Reference.....	35
4.13	Procurement of Medicine and Medical Devices.....	36
4.13.1	Procurement of Medicine	39
4.13.2	Procurement of Medical Devices.....	39
4.13.3	Procurement of Veterinary Medicine	39
4.14	Procurement of Food	40
4.15	Procurement in Emergency Projects.....	42
4.16	Online Procurement.....	42

5	DOCUMENTATION AND MONITORING	43
5.1	Procurement Files	43
5.2	Procurement Monitoring	44
5.3	Procurement Finalisation	46
6	SUPPLY CONTRACTS	48
6.1	The Simple Procedure	48
6.2	The Negotiated Procedure	51
6.3	The Local Open Tender Procedure	55
6.4	The International Open Tender Procedure	62
6.5	Receiving Supplies	64
6.6	Incoterms 2020	65
6.7	Legal Aspects – Warranty Obligations	68
7	SERVICE CONTRACTS	69
7.1	The Simple Procedure	71
7.2	The Negotiated Procedure	74
7.3	The Local Open Tender Procedure	80
7.4	The International Open Tender Procedure	88
7.5	Legal Aspects – Employment Contracts versus Service Contracts	89
8	WORKS CONTRACTS	91
8.1	The Simple Procedure	92
8.2	The Negotiated Procedure	95
8.3	Legal Aspects - Risks	101
9	LEGAL ASPECTS	104
9.1	Contractual Documents	104
9.2	Validity of Quotes, Proposals or Tenders	104
9.3	Prepayment, Tender and Performance Guarantees	104
9.4	Applicable Law	106
9.5	Settlement of Disputes	106
9.6	Audits	107
10	GLOSSARY	108
11	LIST OF TEMPLATES	112
12	RESOURCES	114
12.1	Procurement E-trainings	114
12.2	Useful Links	115

ABBREVIATIONS

ACT:	Action by Churches Together Alliance
CO:	DanChurchAid Country Office
COC:	Code of Conduct for Contractors
CSR:	Corporate Social Responsibility
CTP:	Cash Transfer Programming
DCA:	DanChurchAid
ECHO:	European Civil Protection and Humanitarian Aid Operations
FSP:	Financial Service Provider
GDPR:	EU's General Data Protection Regulation
GTC:	General Terms and Conditions
HMA:	DanChurchAid Humanitarian Mine Action Programme
HPC:	Humanitarian Procurement Centre
HQ:	DanChurchAid headquarter
ICC:	International Chamber of Commerce
ILO:	International Labour Organisation
Incoterms:	International Commercial Terms
INGO:	International Non-Governmental Organisation
ISO:	International Standardization for Organisation
ProLog:	Procurement and Logistics Unit, DCA headquarter
RFP:	Request for Proposal
RFQ:	Request for Quotation
SDG:	Sustainable Development Goals
TOR:	Terms of Reference
UN:	United Nations
UNICEF:	United Nations Children's Fund
WHO:	World Health Organisation

1 PROCUREMENT POLICY AND PRINCIPLES

This 6th edition of the DanChurchAid (DCA) Procurement Manual is based on the [DCA International Strategy 2019-22](#), donor requirements and international best practices. This Manual describes how to implement appropriate procedures in all procurement activities to support the strategy statement: *“Professional and accountable procurement is essential to ensure efficient use of money and quality in projects”*¹. The purpose of this Manual is to meet the strategy goals; to build procurement knowledge, ensure procurement planning and quality in procurement. As a result, funds are spent honestly and efficiently to the benefit of the beneficiaries. The procedures of this Manual ensure that DCA and implementing partners practice sound procurement with transparency, equal opportunities, ethics, best quality and value for money, supporting the project community, and preventing conflicts of interest and corruption as fundamental principles.

The Procurement Manual is dynamic and updated based on donor requirements, user experiences and best practices. The manual content is based on the below definition of procurement. Users of the Manual are encouraged to provide feedback and suggestions to the DCA Procurement and Logistics Unit (ProLog) in Copenhagen, Denmark. We appreciate all inputs received to the previous edition and extend a big thank you to all who have contributed to this edition.

Definition of Procurement

The strategic process of acquiring supplies, service and works. The process covers the purchase or rental of the required resources and includes all functions from identification of needs, market analysis, planning purchases, sourcing of candidates, obtaining and evaluation of quotes, award of contracts, contract administration, and ensuring the delivery and receipt of the resources.

The overall aim of procurement is to acquire resources in an efficient and transparent manner which meets the needs at a best quality and price ratio. The procurement process starts at the planning phase of a project and ends once the required resources have been received or tasks are completed, and all documentation is properly filed.

The Manual and templates are developed based on international best practice and donor guidelines e.g. World Bank and EU, and the procedures and guidelines meet DG ECHO rules and requirements to procurement. With a login and a password, the Manual and templates can be downloaded from the [DCA Procurement webpage](#), where previous editions of the Manual are also available.

The Manual is one prominent document in the organisation’s procurement efforts, however; it does not stand alone. The Manual exists in concert with several other organisational guidelines among these are the Logistics Manual, Guides to USAID and UNHCR procurement, as well as a Field Office Start-up Guide. All guidelines are available from the above webpage.

Applicability

The Manual is freely available to DCA and implementing partners. It is applicable to all DCA operations including procurement in Country Offices, self- and partner implemented projects. For projects with Danida or DCA own funds of an annual budget below DKK 500.000, partners can apply own procurement rules and guidelines. If partners do not have their own procurement rules and guidelines meeting international standards, this Manual applies.

¹ The DCA International Strategy 2019-22 section 8.3: <https://www.noedhjaelp.dk/wp-content/uploads/sites/2/2021/12/dca-strategy-2019-web.pdf>

The guidelines in this Manual are minimum requirements. If a donor stipulates stricter procurement rules and procedures, those rules shall prevail. If a donor stipulates less strict rules and procedures, this Manual is applicable.

Operations funded through the ACT Alliance via a multilateral agreement based on an ACT appeal are not subjective to this Manual, as DCA's contractual relationship is with ACT and not the partner. However, when a bilateral contractual relationship exists with a partner through the ACT Alliance, the policies and procedures of this Manual shall apply, and shall be annexed to any cooperation agreement between DCA and that partner.

PROCUREMENT PRINCIPLES		
Principle	Outcome	How
Transparency	Fraud prevention No conflict of interest Competition	Procurement Committee Advertise business opportunities Inform bidders of evaluation criteria Document procedures and decisions Publicize contract awards
Equal Opportunity	Equal treatment Non-discrimination Fair competition	General Advertisement of Business opportunities Provide information simultaneously to bidders Make genuine specifications and terms of references Don't invite companies providing technical inputs Don't discriminate (ethnicity, gender, nationality, etc.) Know the market and invite broadly
No Conflict of Interest and Corruption (actual and perceived)	Transparency non-discrimination	Sign Declaration of impartiality and confidentiality Don't invite family and friends Don't invite companies where there is a financial interest Observe segregation of duties
Proportionality and Competition	Cost efficiency Effectiveness Satisfactory quality Timely delivery Best price	Different procedures for different thresholds Don't artificially split lots Provisions for exceptional circumstances e.g. emergencies Attract and invite enough suppliers and candidates
Ethics	Ethical behaviour	Implementation of Code of Conduct for Contractors Supplier analysis and visits Include ethical criteria in RFP/RFQ/Tender Dossier Think Green e.g. transportation, eco-friendly products, materials or recycled products Responsible negotiations on price, delivery and terms
Support the Project Community	Empowerment Economic sustainability	Split the items into manageable sub-lots Market survey to identify relevant suppliers/candidates
BEST VALUE FOR MONEY		

Procurement Principles

The Contracting Authority administers entrusted funds and is accountable to beneficiaries and public and private donors alike. Throughout the procurement process, the Contracting Authority shall perform professionally to ensure that funds are spent in a financially and ethically sound manner in support of the Sustainable Development Goals (SDGs) and with respect for the dignity of the beneficiaries and their right

to efficient aid. To ensure this responsibility, all procurement of supplies, services and works, irrespective of the Procurement Procedure, shall be carried out based on the below Procurement Principles.

Because there is a strong link between the principles and some desirable outcomes, the procurement work is guided by a set of procurement principles, please refer below. The principles represent a way of thinking with associated actions. They are the backbone of the procurement decisions and the foundation and compass for every person involved with procurement. The following Procurement Principles constitute the basis for sound administration of all procurement related activities. These principles contribute to SDGs 2, 5, 8, 10 and 16.



1.1 TRANSPARENCY

Transparency is a strong tool in preventing fraud and corruption, displaying hidden and visible conflicts of interest, ensuring equal access to information and enforcing genuine competition among bidders. It supports integrity in the process by ensuring that procurement is conducted in the open and that nothing is hidden or taking place in secret. Consequently, transparency in the procurement process makes it easier to detect irregularities and ensures that funds are being honestly spent and accounted for. It is one element in ensuring best value for money.

This is practically done by establishing a procurement committee where procedures and decisions are documented. In addition, we ensure that all relevant procurement information is shared with the suppliers or candidates. This means that the business opportunities are published in a way that makes the opportunities visible and accessible to the relevant suppliers or candidates, the award criteria are communicated to the suppliers or candidates in the procurement documents and the result of the procurement process is communicated to bidders and to the general market.

1.2 EQUAL OPPORTUNITY

Equal opportunity is instrumental in ensuring fair competition in the applicable procurement procedure, because there is no bias, no discrimination or unjustified differentiation between suppliers or candidates. The procurement committee facilitates this by publishing the business opportunities, by knowing the market and inviting a broad range of relevant suppliers or candidates, by giving the suppliers or candidates the same number of days to respond, and by drafting genuine specifications and TOR to uncover what the market can offer, while still being true to what the need is.

NOTE: If a supplier or candidate has been requested to help and input to the technical specifications or the tender material, they may not submit an offer under that purchase.

1.3 NO CONFLICT OF INTEREST AND ANTI-CORRUPTION

No conflict of interest and anti-corruption are two sides of the same coin.

No conflict of interest

Avoiding any conflict of interest is important to support the principle of transparency, anti-corruption and to avoid discrimination. It is crucial to identify any conflicts of interest and manage them well, or it may evolve into corruption, which is poisonous for the aim of obtaining best value for money.

A conflict of interest occurs whenever a person is or is perceived to be partial and biased in his/her professional functions, and misuses the professional position for private, financial or organisational gain, or for the gain of any third party e. g. family, friends, colleagues, etc..

Staff involved in procurement must sign the Declaration of Impartiality and Confidentiality (GEN 2-1), recognising their specific responsibilities in ensuring good judgement and no conflicts of interest in procurement activities of any kind. The purpose is to alert the procurement committee to individual or organisational actual and perceived conflicts of interest and to avoid getting into situations, in which they may have a private interest that could influence their professional conduct.

The Contracting Authority shall also be alert to conflicts of interest and non-competitive practices by suppliers or candidates. Procurement cannot take place if it is known that a supplier or candidate has any financial interest with an employee.

Anti-corruption

Corruption is defined as the misuse of entrusted power for private gain. Corruption may occur on various levels and in different forms. What always characterises corrupt practices is that they involve conflicts of interest and negatively influence impartiality and objectivity in e.g. the selection process or in the contract execution. The abuse of power, extortion, fraud, embezzlement and bribery is always prohibited (and in most countries illegal).

Staff are not permitted to give or receive any gifts, services or favours that may influence the execution of their professional function and performance. In order to respect traditions and conventional hospitality, minor gifts or small-scale hospitality may be accepted, if the intention is professional. Receiving minor gifts shall never influence the staff's good judgement and shall be shared with colleagues in order to create transparency and prevent partiality. Cash gifts are never to be accepted. As the value of an acceptable gift varies across the countries, receiving or giving a minor gift is always a matter of context, good judgement and professionalism. Whenever in doubt, contact a superior.

Unacceptable gifts are defined as having a value above EUR 100 and substantial hospitality, such as accommodation and holidays are never acceptable. Staff shall not engage in corrupt practices. To further prevent corruption and misuse of finances and to safeguard the integrity of the process, it is required to have segregation of procurement and payment as per the organisation's authorization schedule. Procurement and payment cannot be undertaken by the same person.

Staff shall reject any bid and terminate any contract put forward by corrupt actors. Staff shall follow the [Anti-corruption Policy](#) and are obliged to report all corrupt incidences to a [Complaint Mechanism](#)². Partners and contractors must live up to the anti-corruption policy. It is the responsibility of the Contracting Authority to inform the partners and other relevant stakeholders about this policy.

1.4 PROPORTIONALITY AND COMPETITION

Proportionality means that the procurement procedure selected to award a contract is proportionate to the value of that contract. Consequently, there is a relationship between the goods or service being purchased (what) and the procedure applied (how). The essence of the principle of proportionality is described by the saying: "Do not use a sledgehammer to crack a nut." Proportionality is pragmatic in the sense that the procedures for relatively small procurements would be simple and straightforward, while the procedures for procurement of higher values would be correspondingly more demanding. Proportionality is in place to ensure cost efficiency and effectiveness. This manual operates with four procurement procedures; simple, negotiated, local and international open tender with four associated thresholds. Provisions for exceptional circumstances such as emergencies are available and described in detail in section 4.7 Derogations.

² Contractors who have signed a contract with DCA, or DCA implementing partner, shall file a complaint through: <https://www.danchurchaid.org/how-we-work/quality-management/anti-corruption>

When a procurement is divided into several sub-lots, the total value of all lots must be considered to establish the compliant procurement procedure, even if each lot is subject to an individual contract. This is a consequence of proportionality.

NOTE: The estimated value of a contract may not be used to circumvent the principle of proportionality, nor may a procurement procedure be split up for that purpose.

Competition is linked to proportionality and the higher the value of the contract the higher the requirement for competition. This is evident in this manual's requirement to the minimum number of suppliers or candidates that must be invited for the different procedures. The purpose of competition is to optimize the combination of quality, price and delivery for the Supply, Services and Works contracts. To achieve this, it is important to invite enough suppliers or candidates within the given procedure to obtain the required degree of competition in the market and thus the best quality, best delivery time, at the best price.

1.5 ETHICS

A buying organisation is an active player in the global market buying various supplies, services and works. Therefore, it influences the flow and allocation of economic resources and consequently has an impact, whether direct or indirect, on poverty, rights, social- and environmental conditions. Thus, the Contracting Authority has a responsibility and obligation to ensure that the way it practices procurement seeks to decrease the ethical risks and support sustainable development. Ethical procurement is in line with DCA general values and goals of empowering *"the world's poorest people in their struggle for a life in dignity"* with *"respect for every individual's rights and equal worth"*³.

Practicing ethical procurement involves looking beyond economic parameters and efficiency. The life cycle of the products and services we purchase and the related social consequences, risks and implications for people, society and the environment, shall be considered in the procurement process. Within this commitment lies a responsibility to encourage and oversee responsible business behavior in our supply chains and the implementation of our Code of Conduct for Contractors (GEN 4).



The following Ethical Procurement Principles are based on international conventions⁴, recommendations from the [Danish Initiative for Ethical Trade](#) (DIEH), [UN Guiding Principles on Business and Human Rights](#) and [ECHO's Humanitarian Aid Guidelines for Procurement 2011](#). These principles contribute to the above listed SDGs 1, 2, 3, 6, 7, 8, 10, 12, 13, 15.

Promote and Protect Human, Social and Labour Rights

Staff and partners shall in all procurement work towards avoiding procurement practices and decisions, which negatively affect people's human, social and labour rights. Throughout the procurement process the impact procurement decisions may have on people's rights shall be considered. Furthermore, the necessary

³ <https://www.noedhjaelp.dk/wp-content/uploads/sites/2/2021/12/dca-strategy-2019-web.pdf>

⁴ The full list of international conventions related to the Ethical Procurement Principles can be found in the Code of Conduct for Contractors GEN 4.

actions to promote a responsible business environment where contractors are willing and able to integrate people's human, social and labour rights in their businesses shall be taken.

Procurement decisions shall seek to support and promote the following internationally recognised rights: The International Human Rights; non-exploitation of child labour⁵; freedom to choose employment; freedom of association and collective bargaining; payment of living wages⁶; freedom from discrimination in employment; no harsh and inhumane treatment of employees; safe and hygienic working conditions; non-excessive working hours; and securing regular employment⁷.

Uphold International Humanitarian Law and Related Conventions

For all procurement the necessary precautions to avoid contractors who are engaged in activities which initiate, sustain or exacerbate armed conflict and violations of International Humanitarian Law⁸, or any other illegal activity shall be taken. The Contracting Authority shall always seek to avoid procurement practices and decisions, which directly or indirectly inflict harm on civilians affected by conflict.

Staff shall uphold the responsibilities and commitment to the [Ottawa Convention](#) against landmines and the [Convention on Cluster Munitions](#). It is important not to use contractors who are engaged in any development, sale, manufacture or transport of anti-personnel mines, cluster bombs or components or any other weapon, which feed into violations of International Humanitarian Law or is covered by the Geneva Conventions and Protocols.

Counter Terrorism

DCA wishes to ensure that none of its funds or other assets worldwide are made available to persons or entities linked to terrorism, as defined by the UN Security Council. DCA implementing partners are equally obligated to ensure that they do not engage in transactions with or provide resources directly or indirectly to entities associated with terrorism.

To meet this obligation, the Procurement Procedures in this Manual ensures that suppliers and candidates certify by signing that they have no links to terrorism. Furthermore, to verify the selected supplier or service providers' eligibility and prior to signing a purchase order or contract, the Contracting Authority shall always consult [The UN Security Council](#), [EU](#) and donor relevant sanctions lists as per DCA Counter Terrorism Compliance Policy.

Protection of the Environment

To minimise any environmental damage caused to the environment via procurement, the Contracting Authority shall seek to act in accordance with the [Rio Declaration](#). This involves making procurement decisions, which consider environmental issues and integrate them into the procurement process.

Please consider the following four main issues in the procurement process and in the selection criteria: The choice of transportation and the associated pollution risks; the purchase of environmentally friendly products, materials or recycled products whenever possible and pertinent; efficient use of resources, and conservation of scarce resources (water, flora, forest, land, etc.). For inspiration on approach, relevance and specifications, please see the [EU Green Public Procurement criteria](#) developed to facilitate the inclusion of green requirements in procurement documents as well as the Sphere thematic sheet on [Reducing environmental impact in humanitarian response](#).

⁵ The definition of child labour is found on: <https://www.unglobalcompact.org/what-is-gc/mission/principles/principle-5>

⁶ A living wage is the minimum hourly wage necessary for an individual to meet basic needs, including housing and other incidentals such as clothing and nutrition. According to ILO Conventions a living wage includes a discretionary income. A discretionary income is the amount of an individual's income that is left for spending, investing or saving after taxes and personal necessities (food, shelter, and clothing) have been paid.

⁷ A list of the rights to be upheld and promoted is found in the Code of Conduct for Contractors GEN 4.

⁸ International Humanitarian Law prohibits pillage – the unlawful taking of private property for personal or private use. This includes the accusation of private property based on force, threats, intimidation, pressure and through a position of power accomplished due to the surrounding conflict.

Code of Conduct for Contractors

This Manual includes a Code of Conduct for Contractors (COC) in GEN 4 which defines the ethical principles and standards for contractors. The COC is a mandatory component of all contracts and shall be signed by all contractors.

It is the contractors' responsibility to comply with the COC. As a rule, it is preferred to promote dialogue and positive changes instead of a 'running and cutting' practice⁹ which does not contribute to actual improvements. However, if a supplier or service provider does not commit to the COC, the Contracting Authority shall turn down the quote or proposal and if a contractor does not comply with the COC, the Contracting Authority shall consider terminating the contract. The Contracting Authority shall always act in accordance with donor requirements for termination of contracts.

1.5.1 Implementation of the Ethical Procurement Principles

To decrease and avoid the ethical risks related to procurement, it is recommended that the following issues are considered and integrated in the procurement process:

- **Lead times and changes to contract specifications.** Short lead times and changes to the contract specifications may influence contractors' ability to provide secure and regular employment and may result in forced (and unpaid) overtime. Good planning and clearly defined specifications and selection criteria enable contractors to plan and provide feedback on specifications.
- **Pricing.** Putting pressure on prices may have negative consequences for contractors' employees and may lead to deterioration in health, safety and payment of living wages or compensation for overtime. The prices paid shall leave room for both the supplier and the Contracting Authority to benefit from the relationship. Be aware of this when negotiating the contract price, and always make sure to pay the contractor on time.
- **Include ethical criteria in the RFP/RFQ/Tender Dossier.** When relevant make sure to include ethical criteria in the specifications or the TOR and contract conditions in the RFP/RFQ/Tender Dossier and in the Proposal- or Quotation Submission Form. This could be in the form of requirements to specific ethical criteria that the product, service or works must live up to or additional requirements to the contract performance (which are not mentioned in the COC). If certifications or standards (e.g. Fair Trade, Rainforest Alliance, SA8000 or FSC) are required as a means of proof for complying with a set of defined criteria, it must be stipulated that other reliable means of proof are also accepted.
- **'Think Green'.** Whenever possible and pertinent, think green solutions into procurement. This could be product specific such as: solar panels, wind power, water efficient equipment, biogas installations, recycled materials, etc. Also include requirements to specific certifications which ensure e.g. environmental sustainability, proper energy management, legal and sustainable forestry, organic materials, ecology, etc.
- **High risk sectors and countries.** Please be aware that ethical risks are often related to specific sectors and countries and are often interrelated. E.g. child labour is often also bonded or trafficked; the garment and textile sector is known for violations of labour rights; child labour is more common in the agricultural and garment/textile sectors than in other sectors; seasonal production is more likely to make use of migrant workers whose labour rights are often not covered by national law; in many developing countries the minimum wage is not a living wage; land grabbing is often related to food production and bio fuel; and polluting production practices are often associated with certain industries and countries.

It is recommended to make a risk assessment to get a basic identification of sector and country specific risks in the country of operation. You may find useful information on [Human Rights and Risks for Businesses](#); [Human Rights Watch](#) and [Global Risks and Businesses](#).

⁹ A 'running and cutting' practice means the immediate termination of sourcing from a supplier. Termination of a relationship with a supplier does not have a positive effect on employees, working conditions or situation. On the contrary it might worsen their situation.

- **Sharing knowledge.** Sharing knowledge (through e.g. NGOs, government institutions, trade unions, etc.) on general CSR¹⁰ issues, general attitudes towards human rights, national laws and environmental risks in a given country provide essential and useful information on ethical issues and risks.
- **Small-scale risk assessment on Contractors.** The sourcing of new contractors shall entail a small-scale risk analysis on each contractor's ethical business performance. If possible, it is recommended to make a Google search on each contractor in order to generate information on e.g. CSR policy, labour violations, human rights violations, polluting practices, relevant certifications, the SA8000 standard etc. Findings shall be documented and filed in the procurement file. The generated information - positive, negative or non-existent shall then be integrated in the selection of contractors. If any, the identified ethical problems shall be addressed in dialogue with the chosen contractor or alternative procurement options shall be identified.
- **Supplier visits.** When visiting suppliers or candidates for sourcing reasons or other reasons make simple observations on ethical issues also e.g. how are the working conditions? Is wastewater led directly into the stream or river? Are children working at the compound? Are workers in direct contact with chemicals? etc. Document your observations, make a note to file in the procurement file or in your supplier database and take appropriate action.
- **Engaging in dialogue.** Dialogue is an important component of creating changes to ethical issues. As a rule, if there is a suspicion or proof of a contractor not complying with the COC, this should be discussed in the Procurement Committee. It should then be decided what actions are to be taken for that specific case in that specific context – all with the aim of dialogue. If the problem is severe, e.g. child labour, bonded labour, mine production etc. the programme management shall be included to find a proper solution or for determining if the contract should be terminated.

1.6 SUPPORT THE PROJECT COMMUNITY

Procurement can be a tool to empower and sustain the economy in the project area and potentially assist and support the project objectives. Therefore, the Contracting Authority shall whenever possible and appropriate, seek to procure human and material resources in the project implementation area. This can be accomplished by taking care in drafting sub-lots matching the capacity of the available suppliers or candidates in the project area. Before carrying out procurement activities, the Contracting Authority must carry out a market survey as described in section 4.1 Procurement Plan step 3, to ensure that procurement in the project area does not distort the local market, increase prices, or cause harm to the environment.

1.7 BEST VALUE FOR MONEY

Best value for money is the overall goal for the procurement process and is achieved by fulfilling the above principles of transparency, equal opportunity, no conflict of interest and anti-corruption, proportionality and competition, ethics and when relevant, support the project community. Best value for money means efficiency, effectiveness and economy in procurement.

Economy in procurement is when the goods and services are made available in an appropriate quality and quantity, at the best price, in the right place and in due time (The five 'R's of procurement) within the budget available. This is the result of a transparent, ethical and competitive procedure with no conflict of interest nor corruption, providing equal opportunity to all suppliers and service providers.

Efficiency in procurement is about the best relationship between the goods and service selected and the results achieved. In other words, it is about getting to the results in a cost-efficient manner. This is a result of proportionality, selecting the correct procedure and conducting a compliant process.

¹⁰ Corporate Social Responsibility. CSR is a volunteer business reporting framework or business approach which includes environmental and social aspects alongside financial measures. Through CSR businesses include a social and environmental responsibility in their business actions and goals.

Effectiveness in procurement is meeting the objective and the intended result. This is result of clear objectives, planning the inputs and good collaboration between the stakeholders.

1.7.1 Award Criterion

Best value for money is an objective award criterion ensuring that the optimum quotation or proposal is awarded the contract. It is important to keep in mind, that best value for money it is not determined by cost alone. Therefore, we are not forced to select the offer with the lowest price. Instead best value for money means selecting the offer fulfilling the needs as defined in the technical specifications or the TOR and the five 'R's of procurement:

- The right quality
- The right quantity
- The right price
- The right place
- The right time

Regardless of the Procurement Procedure, the award of contract shall always conform to the principle of best value for money, ensuring that Procurement Procedures are open to the broadest degree of competition. This will in turn secure a satisfactory quality and quantity of the resources; a timely delivery or completion at the agreed place; and a competitive price with considerations to human, social and labour rights and the environment.

2 PROCUREMENT RESPONSIBILITIES

In DCA's decentralized organisation the procurement responsibilities are divided between DCA Country Offices (CO), DCA implementing partners and the DCA Procurement and Logistics Unit in Copenhagen as per below.

2.1 THE DCA PROCUREMENT AND LOGISTICS UNIT HQ

As a service to implementing partners and COs, the ProLog Unit in Copenhagen assists and advises on the following procurement tasks, as per agreement:

- Activity planning
- Project input planning including the procurement plan
- Procurement related costs in budgets (identifying storage, transport and other required resources)
- Identifying the procurement capacity
- Assessing derogations from the Procurement Procedures
- Capacity building and development
- Monitoring and learning

At project implementation stage and as per agreement, the ProLog Unit provides support and training in the use of the Procurement Manual to implementing partners and procurement staff at Country Offices. [The ProLog Academy](#) offers several online procurement trainings to support Country Offices and implementing partners. These online trainings are available on demand at the convenience of the user. Please take care to incorporate any training and support needs in the project planning phase and include it in the project budgets.

The procurement plan is a central document in any procurement effort and is drafted simultaneously with the budget. Implementing partners and COs are required to provide a procurement plan to the ProLog Unit in Copenhagen for review and approval.

Approval of Procurement Plans

Please note that Procurement by DCA and implementing partners can only commence once the project's Procurement Plan is approved by the ProLog Unit. The ProLog Unit assumes responsibility for approving Procurement Plans at project planning stage, in connection with annual or interim reporting as well as approval of final Procurement Plans for project closure and final reporting.

DCA Country Offices work directly with implementing partners to support them in their procurement efforts. The ProLog Unit is available to Country Offices for any questions they might have on procurement rules and procedures, implementation difficulties, ethical issues and for the provision of procurement related templates and guidance.

Depending on the project, the ProLog Unit's assistance might be agreed upon for implementation, supervision and monitoring of procurement activities. It is important to stress the need to incorporate these services in the project planning phase and include them in the project budget.

2.2 DCA HUMANITARIAN MINE ACTION PROGRAMME

For DCA Humanitarian Mine Action programmes (HMA) all international procurement shall be carried out by the ProLog Unit in Copenhagen, unless otherwise stated in the approved Procurement Plan. All other purchases are carried out by DCA COs or implementing partners through established Procurement Committees according to the Procurement Manual.

NOTE: For all HMA programmes and projects, the [DCA Logistics Manual](#)¹¹ is also applicable.

For HMA programmes it is mandatory to use the DCA's ADMIND procurement and logistics database system for asset management. For supplier registration, file handling, issuing Purchase Orders and delivery documents (gift certificates, delivery notes, pro-forma invoices and packing list) as well as fleet management, it is strongly recommended to use the ADMIND system. Contact the ProLog Unit for more information and to gain access to the system.

2.3 DCA COUNTRY OFFICES AND IMPLEMENTING PARTNERS

DCA Country Offices (CO) and implementing partners are responsible for establishing a Procurement Committee to carry out the procurement planning and implementation for the offices and projects. The decision on procurement approval is guided by the internal authorisation thresholds and responsibilities in the implementing partner's or CO's own organisational rules. It may be necessary to introduce new rules for authorisation and responsibilities in order not to obstruct or slow down the procurement process.

The Procurement Manual applies to all procurement carried out by COs and DCA implementing partners.

NOTE: For logistics at DCA COs and implementing partners it is recommended to follow the guidelines in the [DCA Logistics Manual](#) and apply relevant templates.

DCA's ADMIND procurement and logistics database system is available to all DCA COs and is recommended for supplier registration, file handling, purchase orders, delivery documents (gift certificates, delivery notes, pro-forma invoices and packing list), assets, stocks- and fleet management. Please contact the ProLog Unit for more information and to gain access to the system.

2.4 PROCUREMENT COMMITTEE

To organize procurement, a Procurement Committee shall be established before any procurement activities are initiated. Procurement can be organized in several ways and please refer to section 4.2 Multi Partner Projects and 4.3 Consortium Projects for decisions to make concerning joint or separate committee scenarios or a combination of the both. In addition, procurement may be organized through permanent or ad-hoc procurement committees, depending on the need of the organisation and the project.

For each purchase, the members of the procurement committee must comply with the Declaration of Impartiality and Confidentiality (GEN 2-1). This requirement can be fulfilled by signing the GEN 2-1 document or the declaration included in the evaluation grid (SUP 4, SUP 5, SER 3, SER 7 and WOR 3) for the respective procedures.

The Procurement Committee shall consist of at least three members and preferably an odd number. To safeguard the integrity of the Procurement Committee, prevent conflicts of interest and protect the members against false accusations, duties must be segregated. An example is procurement and finance tasks. This means that a committee member who has supplier contact e.g. collecting quotations, discussing products, negotiating terms, shall not also approve payment to the suppliers. Please refer to section 1.3 No Conflict of Interest and Anti-Corruption.

The main responsibilities of the Procurement Committee are to:

- Ensure that a Procurement Plan is drafted and corresponds to the activity plan and the budget
- Ensure that all procurement requirements are planned for at the beginning of the project
- Ensure that procurement activities are initiated on time

¹¹ Please use the same login as for the DCA Procurement Manual

- Ensure that ethical risks are considered and addressed in the procurement process
- Ensure that the procurement fulfils donor requirements
- Ensure that required procurement staff are on board (see support template GEN 5 for the procurement capacity check list)
- Ensure that all internal and external experts required for the project are being consulted early in the project phase and committed to provide the information and specifications needed for the procurement activities
- Ensure the collection of quotations and issue Purchase Orders or Contracts
- Evaluate quotes or proposals
- Uphold the procurement principles and ensure that the best quality and value for money is obtained

For the evaluation of high value tenders under the Local and International Open Tender procedures, it is especially important that the committee possesses the necessary technical and administrative expertise to perform the evaluation. For the evaluation of tenders below EUR 500, the Procurement Officer or any other committee member, may be designated to evaluate and undertake the purchases following a subsequent review and approval by the procurement committee at a future committee meeting. If the members of the Procurement Committee do not possess the required qualifications, internal or external experts shall be appointed. The Procurement Officer shall always be a member of the Procurement Committee as the expert on Procurement Procedures.

Please refer to support template GEN 2-2 for suggested Terms and References for a Procurement Committee.

3 PROCUREMENT PROCEDURES

The basic way of awarding contracts is competitive tendering. The purpose is:

- to ensure that operations comply with the awarding principles; and
- to obtain the quality of services, supplies or works required, at the best possible price

There are several different Procurement Procedures, each allowing a different degree of competition. Procurement Procedures are the rules and actions that instruct how to purchase a given resource. The Procurement Procedure is assigned according to the Contract Category (Supply, Service and Works) and the value of the purchase. This chapter provides an introduction to the Contract Categories, the Procurement Procedures and thresholds available to users.

The appropriate Procurement Procedure is selected for each lot in the Procurement Plan, and to do so the Procurement Committee shall first consider which Contract Category the resources belong to and the value of the contracts accordingly. For an overview of the thresholds and the affiliated Procurement Procedures for the Contract Categories, please refer to the table in section 3.2.

3.1 CONTRACT CATEGORIES

The resources to be procured are divided into the following three Contract Categories:

Supply

Supply Contracts cover the purchase, operational leasing¹², rental or hire of products including rental of vehicles, equipment, venues and property, with or without an option to buy. The delivery of products may in addition include siting, installation, training and maintenance.

Service

A Service Contract for the provision of a defined service. It covers all intellectual and non-intellectual services other than those covered by Supply Contracts and Works Contracts. Some examples of service contracts are:

- A Study Contract includes studies for the identification and preparation of projects, feasibility studies, technical studies and audits.
- A Technical Assistance Contract, where the contractor is called on to play an advisory role, or to manage or supervise a project in the Supply Contract.
- A Rental Contract for a vehicle with a driver. Rental of a vehicle without a driver is considered a Supply Contract.

A Service Contract and an Employment Contract are two different types of contract. An Employment Contract involves recruitment, fixed salary, regulations on leave, resignation restrictions, etc. These obligations are for the Contracting Authority as an employer, rather than as a party to a contract for the provision of a defined service. Employment Contracts are not covered by this Manual and are not considered to be procurement. See more details in section 7.5.

Works

'Works' means the outcome of building or civil engineering as a whole, and is sufficient to fulfil an economic or technical function. Works Contracts cover either the execution, or both execution and design of a work corresponding to the requirements specified by the Contracting Authority. It is a Works Contract when an entrepreneur or a construction company has the obligation of delivering works and is responsible for hiring

¹² For operational leasing there is no transfer of legal ownership to the lessee. Depending on the contract most risks are held by the owner.

and/or buying the necessary resources to fulfil this obligation (i.e. the entrepreneur hires the labour, brings the equipment and buys the construction materials and supplies). Examples of Works Contracts are construction, reconstruction, demolition, repair or renovation of a building, site preparation, excavation, drilling, etc.

NOTE: In the event where there are elements of both services and supplies represented in a contract, the Procurement Procedure shall be determined by the Contract Category, which represents the highest value. Such contracts are sometimes referred to as Hybrid Contracts.

3.2 THRESHOLDS AND PROCUREMENT PROCEDURES

The Contract Category and value of a contract defines the applicable Procurement Procedure for a given purchase. The rules and procedures to be followed are more demanding the higher the value of the contract.

The contract value is determined by the estimated cost of a lot, including any additional services or options covered by the contract. If the contract establishes a running relationship, e.g. a service agreement or a Framework Contract, the contract value covers the entire contract period and includes all related payments.

This section describes each of the four applicable Procurement Procedures. It is important to stress that it is mandatory to follow procedures for each purchase. Detailed information and guidelines on these procedures are described in the Supply (6), Service (7) and Works (8) chapters respectively. To see an overview of the steps involved in the four Procurement Procedures please refer to GEN 9.



Learn about Contract Categories, Thresholds and the affiliated Procurement Procedures in e-training number 4: [Thresholds and Procurement Procedures](#).

NOTE: If donor rules are stricter than the procedures outlined in this Manual, the donor rules shall prevail.

Minimum Threshold of EUR 300

Purchases with a value below EUR 300 are not considered procurement and thus no Procurement Procedure applies. The documentation required is an invoice. If pertinent in a project or an office, the minimum threshold can be lowered or removed. If so, this must be reflected in the Country Office Financial Manual.

Simple Procedure

The Simple Procedure is the simplest Procurement Procedure. This procedure is applicable for procurement between EUR 300 - 9,999.

For the Simple Procedure it shall be documented that the price of the procured goods or service corresponds with or is lower than the market price while meeting the technical specifications or TOR. To establish this, several methods exist. It is possible to obtain written quotations or refer to recent contracts from the past 12 months. The advantages of written quotations are many. They evidence what has been offered, thereby reducing misunderstandings and are easy to document. Alternatively, the method can be verbally obtained quotations, documented in a Note to File or printed prices and specifications from the internet. Regardless of the method chosen, a minimum of three prices must be collected, specifications must be available and documented in the procurement file.

The collected prices and specifications or TOR must be evaluated based on the award criteria. The most compliant supplier or candidate shall receive a purchase order or contract.

Negotiated Procedure

The Negotiated Procedure is more formal than the Simple Procedure and is applicable for Supply and Service Contracts when contracts are within the value EUR 10,000 - 149,999 and EUR 10,000 - 299,999 for Works Contracts.

The Negotiated Procedure requires that a minimum of three suppliers or candidates are invited simultaneously to submit a quotation based on an RFQ or RFP. The contract shall be awarded to the most compliant supplier or candidate. For contracts above EUR 30,000 it is mandatory to publish the Award Notice in a suitable place for suppliers and candidates to see e.g. the information board or on the Contracting Authority's website. Letters to all unsuccessful suppliers or candidates shall be submitted. The Negotiated Procedure is less formal than a Local Open Tender Procedure and gives the opportunity to negotiate the terms of a contract.

Local Open Tender Procedure

The Local Open Tender Procedure (from here on named Local Open Tender) is more demanding and elaborate than the Negotiated Procedure. It is applicable to higher value purchases of EUR 150,000 - 299,999 and EUR 300,000 - 2,999,999 for Works Contracts.

The procedure requires a public advertisement of a Tender Notice in newspapers or online procurement media, etc. in the country of operation, with a bid flow of at least 21 days. A Local Open Tender shall provide eligible suppliers or candidates within the country of operation with the same business opportunities.

A specified Tender Dossier shall be drafted and forwarded to interested suppliers or candidates who then can make a tender request. After the deadline of receiving tenders, the tenders shall be opened and announced in the presence of any interested tenderers who wish to attend. Evaluation of the tenders is carried out by the members of the Procurement Committee based on a clearly predefined award criteria in the evaluation grid. The outcome of each member's evaluation is compared, and the best compliant tender is awarded the Contract. It is mandatory to publish the Award Notice in a suitable media and on the Contracting Authority's website. Letters to all unsuccessful suppliers or candidates shall be submitted.

NOTE: For Works Contracts where the Local- and International Open Tender is applicable, there are no step guides and templates in this Manual. For planning and implementation of these procedures please contact the DCA Desk Officer in Copenhagen or at CO for advice and standard templates.

International Open Tender Procedure

The International Open Tender Procedure (from here on named International Open Tender) is like the Local Open Tender except for the rules applicable to advertisement and the timeframe for the bid flow. International Open Tenders shall always be advertised internationally, and the deadline for submitting a tender shall be at least 30 days after the Tender Notice is published. The International Open Tender is applicable for all purchases of Supplies and Services above EUR 300,000 and for Works above EUR 3 million.

Table of Thresholds and Procurement Procedures

	SUPPLY	SERVICE	WORKS
Simple Procedure	EUR 300 – 9,999	EUR 300 – 9,999	EUR 300 – 9,999
Negotiated Procedure	EUR 10,000 – 149,999	EUR 10,000 – 149,999	EUR 10,000 – 299,999
Local Open Tender	EUR 150,000 – 299,999	EUR 150,000 – 299,999	EUR 300,000 – 2,999,999
Int. Open Tender	Above EUR 300,000	Above EUR 300,000	Above EUR 3,000,000

For an overview of the steps involved in the four Procurement Procedures please see GEN 9.

4 PROCUREMENT PLANNING






Procurement is a process that begins when projects are designed and ends when projects are completed. Careful and timely procurement planning is a very important aspect of procurement and is crucial to ensure effectiveness, efficiency, quality and donor compliance in projects. When planning a project, please determine which resources are required to be procured (supplies, services, works), when shall they be delivered, the needed standards for the resources, timeframes, costs and which Procurement Procedure shall be followed for each contract. This is all part of drafting the Procurement Plan, which is covered in section 4.1. Lack of careful procurement planning may result in a waste of funds, serious delays in implementation, undermining of the principles and ultimately that the costs may be declared ineligible.

OVERVIEW OF THE PROCUREMENT PROCESS




Project Procurement Planning

-  Establish a Procurement Committee
-  Identify the resources and costs and draft technical specifications and TOR
-  Conduct a market survey
-  Draft the Procurement Plan
-  Group the resources into lots
-  Assign the Procurement Procedures
-  Apply or request derogation, if relevant

Project Procurement Implementation

-  Post the Advertisement of Business Opportunities
-  Complete the technical specifications and terms of references
-  Procure the resources
-  Identify additional procurement needs
-  Update the Procurement Plan (incl. Actual Procurement Section)

Project Procurement Finalisation

-  Finalize the Procurement Plan
-  Finalize the procurement documentation
-  Complete the procurement documentation template GEN-18

C
O
N
T
I
N
U
O
U
S

D
O
C
U
M
E
N
T
A
T
I
O
N



Learn more about the procurement process from the online e-training number 1: [Procurement in the Project Cycle](#).

4.1 THE PROCUREMENT PLAN

A Procurement Plan is the project's intention for what is going to happen in Procurement. The main purpose of the Procurement Plan is to answer the questions of "what to buy?", "when to buy?", "how to buy?" and "who will buy", and to include estimated prices of the goods and services to purchase.

Irrespective of donor, the Procurement Committee is responsible for the availability of a Procurement Plan as part of the project's planning phase. The benefits of early planning are many and include:

Benefits of Procurement Planning at project proposal stage

- procurement and logistics costs are included in the project budget,
- project inputs or resources are grouped into lots based on market intel,
- procurement time constraints are considered in the project activity plan,
- human resources requirement and timing for the procurement procedures become evident,
- project implementation can begin without any delays when the contract is signed,
- the plan supports a smooth, timely and effective project without compromising the principles of accountability and transparency and
- the plan helps demonstrate that procurement takes time and creates realistic expectations among project staff who might expect their requests to be met on short notice.

In addition to the above benefits, the Procurement Plan provides Project Management with a quick and easy overview of the status of the procurement implementation, functions as a reporting tool and creates a link to procurement and finance files. The latter is very helpful when the Contracting Authority is undergoing an audit. When drafting the Procurement Plan please consider relevant procurement topics covered in sections 4.2 – 4.14. The Procurement Plan template is available in GEN 7-1. A sample Procurement Plan is available in GEN 7-2.



Learn how to prepare the Procurement Plan from online e-training number 3: [Step Guide to The Procurement Plan](#).

Step Guide:

1

Identify Required Resources and Costs



In cooperation with relevant project staff, please establish which resources to procure (supplies, services, works). At this stage it is important to determine the minimum technical specifications and terms of references (section 4.12.1). Moreover considerations regarding the use of Humanitarian Procurement Centers (HPCs), community involved procurement, framework contracts, cash and vouchers etc., shall be considered in the planning of procurement and integrated into the Procurement Plan, if relevant.



Please provide input to the budget on expenses for logistics, such as transport, clearance, import costs, insurance, warehousing and distributions. See template SUP 9 for Guidelines on Transport and Storage.



For products with a limited shelflife, it may be necessary to plan for partial deliveries or special transport which may increase cost.



For Works Contracts it may be necessary to hire an engineer to supervise the administration of the contract. This is a Service Contract and please include costs in the budget.

Please identify capacity building needs and include these as expenses in the project proposal, e.g. consulting services from a procurement expert, workshop expenses, training expenses for the procurement and financial management staff etc.

Please identify if translation of this Manual and relevant templates into other languages is needed and if possible, include this in the budget and Procurement Plan.



MANDATORY TEMPLATE

GEN 7-1: Template for Procurement Plan

SUPPORT TEMPLATE

GEN 7-2: Sample of Procurement Plan

SUP 9: Guidelines on Transportation and Storage

2

Know the Donor Requirements



For each project it is important to investigate the specific donor requirements for procurement. This Manual represents the DCA minimum mandatory requirements to procurement. If a donor stipulates stricter Procurement Procedures, the donor requirements shall prevail. Examples are requirements to the country of origin of supplies, special quality requirements, ineligible products or stricter threshold for procedures. If the donor has no or less strict requirements to procurement, the rules described in this Manual shall prevail.

3

Conduct Market Survey



Once the required resources have been identified a market survey shall be carried out to establish:

- **The availability of the required resources.** The market survey shall address prices, trade customs, availability and quality of resources.
- **The availability of suppliers/candidates.** At this stage, potential suppliers and candidates shall be mapped and registered and their record and reputation identified.
- **To support the regional economy** and the development of markets, the Contracting Authority shall, whenever appropriate and possible, seek to procure resources in the project implementation area. Please ensure that procurement activities will not distort the local market, increase prices, or cause harm to the environment.
- **The existing import regulations and restrictions.** If resources need to be imported and to avoid delays, it is important to contact the customs authorities and a clearing agent regarding the import procedures and the requirement for import license and other related documentation. This is particularly important when procuring pharmaceutical products, medical equipment, radio and satellite communication equipment, mine detectors, plastic explosives and foods.

- **Logistical needs and availability** regarding transport, special transport, storage and warehousing. Please include costs in the budget.
- **The social, labour and environmental risks** related to the resources to be procured. The obtained information helps to identify high risk sectors, countries, suppliers and candidates; the necessity of seeking alternative procurement options; if special requirements to ethical standards are to be included in the selection criteria (e.g. certifications); if there is a need for dialogue with suppliers/candidates; and if it is necessary to exclude some suppliers/candidates due to ethical reasons (e.g. use of child labour) etc.
- **The relevance of using Framework Contracts** for the purchases of supplies or services (see section 4.9)
- **The need to derogate** from mandatory rules in this manual. The market survey will reveal if there is a need to derogate from a rule or Procurement Procedure due to specific market conditions.
- **Findings from the market survey** feed cost information to the budget, activity plan (time frames) and the project proposal in general,



SUPPORT TEMPLATE

GEN 6: Market Survey Checklist

4

Grouping of Lots



Based on information obtained from the market survey and budget, please group the required resources into lots in the Procurement Plan.



Preparing lots is the process of grouping resources which can potentially be purchased from one supplier or candidate to obtain the best quality and prices for the required resources. Lots are prepared for the entire project period and are independent of project activities, geography for implementation, and the number of donors and partners for the project. See section 4.1.1 for more information on preparing lots.



MANDATORY TEMPLATE:

GEN 7-1: Procurement Plan

SUPPORT TEMPLATE

GEN 7-2: Sample of Procurement Plan



Learn more about lots in e-training number 2: [‘Working with Lots’](#).

5

Assign Procurement Procedures



Each lot in the Procurement Plan is assigned a Procurement Procedure. The Procurement Procedure is determined by the Contract Category and the total value of each lot. See chapter 3 for more information. For a description of the available Procurement Procedures please go to the Supply, Service or Works chapters respectively (Chapter 6-8).



	SUPPLY	SERVICE	WORKS
Simple	EUR 300 – 9,999	EUR 300 – 9,999	EUR 300 – 9,999

Negotiated	EUR 10,000 – 149,999	EUR 10,000 – 149,999	EUR 10,000 – 299,999
Local Open	EUR 150,000 – 299,999	EUR 150,000 – 299,999	EUR 300,000 – 2,999,999
International Open	Above EUR 300,000	Above EUR 300,000	Above EUR 3,000,000



Learn more about Contract Categories, Thresholds and the associated Procurement Procedures in e-training number 4: '[Thresholds and Procurement Procedures](#)'.

6

Timeframe Considerations



For the overall duration of the project, the timeframe for carrying out each Procurement Procedure shall be taken into account. This includes time for advertising, preparing technical specifications/TOR, issuing a Request for Quotation (RFQ), Request for Proposal (RFP) or Tender Dossier and evaluating. Please note that procurement time constraints are often underestimated.



Timely and careful planning can help prevent last minute contracts or changes to existing contracts, which may influence the contractors' ability to deliver on time and comply with the ethical principles and standards outlined in the CoC.

The below table shows the overall timeframe for the different procurement procedures.

PROCEDURE	BID FLOW	TIMEFRAME	DELIVERY TIME
Simple	NA	0 – 2 weeks	Shall be added
Negotiated	App. 2 weeks	3 – 8 weeks	Shall be added
Local Open	Min. 21 days	10 – 12 weeks	Shall be added
Int. Open	Min. 30 days	10 – 13 weeks	Shall be added

7

Apply Derogation(s)



Based on all the information collected in steps 1-6, it might be necessary to apply one of the Blanket Derogations described in section 4.7.1. Or it may be necessary to request a written approval to derogate from a rule or procedure in the Procurement Manual or donor. For further information on derogations, please see section 4.7.

4.1.1 Making Lots

Making the lots is the process of grouping resources, which can potentially be procured from one contractor into lots. The main purpose is to obtain efficiency and best quality and value for money. How to group resources into lots is foremost defined by the market structure. This means that there are no fixed solutions to what a lot includes. Thus, it is important to obtain market knowledge via the market survey. In some contexts, it is possible to group many different resources into one lot and purchase from one contractor, because this is how the market is structured. In other contexts, the same resources may have to be purchased in several lots, because the suppliers in the market have more specific product groups, and will not be able to deliver various resources.

Example: The Market and Making Lots

Most markets are structured in a way that does not offer motorcycles and computers from the same supplier. Thus; there would be two lots - one for the computers and one for the motorcycles. However, in Cambodia the market was structured in a way that made it possible to purchase both the computers and the motorcycles from the same supplier. Thus; in this context it was one lot.

After dividing the identified resources into the three Contract Categories of Supplies, Services, and Works, group the resources into lots according to how the market is structured.

Please note that lots are prepared for the entire project period and independent of project activities, geography, and the number of donors and implementing partners in the project. This means that lots are grouped in the same way regardless if a project has more than one donor, the procurement takes place across several months or years and takes place across multiple geographical locations. Consequently, if two laptops are funded by two different donors this is still to be considered one lot. The procurement will follow a procedure based on the total value of the two computers.

If a lot consists of more items, it does not necessarily result in one contract, only. A lot is usually purchased with one RFQ/RFP/Tender Dossier. If we allow suppliers or candidates to bid on one, several or all items, several suppliers may be contracted because we obtain best quality and value for money per item. While lots save cost, they can also result in an increase in the administrative burden due to multiple contracts.

Lots have several advantages: it provides suppliers or candidates with an incentive to quote lower prices due to quantity, it reduces efforts and costs and saves time when preparing the purchasing process and it reduces overhead costs (frequent advertising, bookkeeping, logistics etc.).

Lots do have some disadvantages and the related costs shall be included in the budget and the Procurement Plan. The disadvantages are increased demand for storage facilities, increased demand for liquidity, and the need for careful planning.

NOTE: Artificial splitting of lots to avoid a stricter Procurement Procedure is not allowed.



Learn more about lots in online e-training number 2: [Working with Lots](#).

Example: Making Lots**SUPPLY:**

Lot SUP 1) Field equipment:

- 1.1 Camp beds
- 1.2 Sleeping bags
- 1.3 Mosquito nets

Lot SUP 2) Computer equipment:

- 2.1 Laptop
- 2.2 Printer
- 2.3 Toner
- 2.4 UPS
- 2.5 Router
- 2.6 Keyboard

Lot SUP 3) Sand for construction:

- 3.1 Sand 1 ton
- 3.2 Sand 1 ton
- 3.3 Sand 1 ton

SERVICE:

Lot SER 1) Engineer:

Service Contract for supervision of the Works Contract

WORKS:

Lot WOR 1) Tube wells:

Works Contract for the delivery and construction of tube wells with pumps

Sub Lots

In some situations, it may be advantageous to divide an item or lot into several sub lots to promote competition and obtain the best quality and value for money. By dividing a lot into several sub lots, all

suppliers irrespective of capacity, have the opportunity to quote, as they are allowed to offer their price for one, several or all the sub lots. An example is the purchase of three tons of sand, please see above. The larger commercial players will likely be able to offer all the sand. Yet, the smaller companies in the project community might be able to offer one ton. Consequently, by dividing the three tons into three sub lots of one ton, more suppliers can submit their offers and the degree of competition is substantially increased. This may be useful in contexts where the market consists mainly of many small suppliers and in contexts where we wish to support the project community and market development or in projects with a wide geographical implementation.

Only one RFQ/RFP/Tender Dossier is issued, but several suppliers may be contracted because we obtain best quality and value for money per sub lot. Thus, sub lots may be cost saving and suppliers quoting lower prices per sub lot may be contracted, instead of the supplier quoting the overall lowest price. The disadvantage lies in having to administer multiple contracts. Please note that when dividing an item into several sub lots the total value of the entire lot remains the same and the applicable Procurement Procedure stays the same.

4.2 MULTI PARTNER PROJECTS

In projects with several implementing partners it is important to organise procurement as early in the project phase as possible. Based on the project's context, the procurement principles and the donor's demand, it is important to carefully consider the advantages and disadvantages of the three scenarios below and to select the most suitable one. The decision shall be clearly indicated in the Procurement Plan.

- **Shall each partner carry out its own procurement?**

This may be favourable in situations when the partners are situated in remote areas, resources can be sourced from the project community, the market is characterised by many small suppliers or candidates with limited capacity, and there is no economic advantage in making a joint purchase.

- **Shall procurement be carried out by one partner on behalf of the other partners?**

This may be favourable when an economic and logistic advantage in centralising procurement with one partner is existent. In an ECHO project in Uganda one of the partners was a small NGO with its head office in a remote town far from the capital. It was agreed that one of the other two urban based partners would procure the vehicle, water pumps and spare parts on behalf of the smaller NGO for reasons of low procurement capacity and remoteness.

- **A combination of the above two scenarios?**

This may be favourable when it is an advantage to make a joint purchase of some products e.g. technical equipment and to buy the remaining products separately.

The applicable Procurement Procedure is dictated by the total lot value and is therefore the same for the three scenarios described above.

Example: Applicable Procurement Procedure in a Multi Partner Project

Five partners need to procure a generator, each for a unit value of EUR 2,500, and the market has a supplier that can deliver all units. Consequently, the total lot value of the procurement is EUR 12,500 and the Negotiated Procedure shall be applied. If it is decided that the partners procure separately, the procedural consequence is that all partners shall implement a Negotiated Procedure, even though each partner only procures one generator. Please refer to the definition of lots in section 4.1.1.

Procurement in Multi Country Projects

Multi country projects may take place within both multi partner and consortium contexts. For projects with two or more countries, procurement may be split between the countries. This means that it is acceptable to organize procurement with one Procurement Plan per country even though the two plans are within the same project. In such cases and if required, it shall be highlighted in the project proposal that for economic

purposes procurement will be carried out separately in each country. Please check specific donor requirements on multi country projects.

4.3 CONSORTIUM PROJECTS

A consortium project is an entity with one lead organisation and several other organisations taking part as consortium members. Both the consortium lead and the consortium members may have several implementing partners. In that way, consortium projects are like the multi-partner projects and the procurement considerations in section 4.2 above are also relevant to consortium projects with several implementing partners. A consortium project can be complex, and there are several types of organisational procurement set-ups available to consider. This makes planning, preparation and coordination important, including decisions on the division of procurement responsibilities between the consortium members.

The main procurement topics to address during the project design phase are:

- Shall the consortium lead's procurement guidelines apply for members and their implementing partners and if not, what are the implications and risks?
- Considering the project context, shall the Procurement Committee be centralised under the lead agency or be undertaken separately by each consortium member and its implementing partner(s) – or be a combination of both?
- Shall joint or individual Procurement Plans be developed?
- What are the resources required to carry out the above decisions e.g capacity building of members, implementing partners, monitoring etc.
- What are the monitoring and reporting requirements of the lead organisation?

It is important to ensure that all decisions resulting from the above discussions are captured in the Memorandum of Understanding (MOU) summarising the commitments and responsibilities of each consortium member.

4.4 CASH GRANTS AND VOUCHERS

Cash Transfer Programming (CTP) and the use of cash grants and vouchers in projects is recognised as a method to respond to a wide range of humanitarian needs. They offer greater choice to beneficiaries and help foster dignity in the receipt of assistance.

From a procurement perspective, it may be beneficial to use cash grants and vouchers in projects where it will be a challenge to implement competitive Procurement Procedures. This is often the case where products, e.g. livestock, food or non-food items will be procured from households, small village suppliers and markets in the project area.

Different types of cash grants and vouchers exist and are often referred to as cash modalities. Cash Grants and Vouchers are always conditional or unconditional, and restricted or unrestricted. The condition refers to an action required by beneficiaries to receive the cash grant or voucher. The condition could be that the beneficiary participates in a workshop or does work, and procurement rules and procedures are not relevant to such conditions. Restrictions refer to what the cash grant or voucher can be exchanged for e.g. non-food items, food, health check, etc., and where it can be exchanged. Procurement rules and procedures apply to some types of cash grants and vouchers with restrictions. Below table provides an overview of when restrictions lead to procurement rules and procedures being applicable.

NOTE: Purchase of mobile phones, tablets, services from mobile phone companies, technological solutions, Financial Service Providers (FSP), bank services, consultancies etc. required in connection with any CTP is procurement and is subject to procurement rules and procedures. When establishing the

threshold and applicable procurement procedure for FSP purchase, it is the total value of the service fee to the FSP (incl. all fees), which defines the threshold, and not to the total amount of cash to be distributed through the CTP.

COMMODITY AND SERVICE VOUCHERS		
Beneficiaries receive either electronic, mobile or paper vouchers which can only be exchanged for a fixed quantity of preselected commodities/services from predefined suppliers/service providers.		
Restricted	<p>Restrictions always apply to commodity and service vouchers because beneficiaries can only exchange the voucher for a fixed quantity of preselected commodities or services. This could be e.g. 5kg of maize; one NFI kit, one health check per household member or milling of e.g. 5 kg of maize. This from a list of preselected suppliers or service providers.</p> <p>This type of voucher is not commonly used.</p>	<p>Procurement Procedure apply</p> <p>The selection of the suppliers or service providers is based on a procurement procedure according to total value of the contract. The procurement responsible staff is the main responsible for carrying out the procurement procedure in cooperation with programme staff. Contracts are concluded with a relevant number of suppliers or service providers, who have provided the best price meeting the technical specifications/TOR for the required commodities/services.</p>
Unrestricted	Commodity and service vouchers cannot be unrestricted since they will always be tied to specific suppliers/service providers.	NA
CASH GRANTS AND VALUE VOUCHERS		
Beneficiaries receive cash grants as either cash money, mobile money or as value vouchers.		
Restricted	<p>Cash grants are restricted when the cash grant can be exchanged in designated shops, fairs and markets, and beneficiaries can choose between a variety of commodities/services (e.g. food, NFIs, building materials, healthcare, transport etc.).</p> <p>The level of restriction varies. It may be that it is only the suppliers which are predefined and there are no restrictions on what commodities beneficiaries are able to receive in exchange for the cash grant from the predefined suppliers, but restrictions can also be imposed on what commodities the suppliers can provide to the beneficiaries.</p> <p>This is the most commonly used type of cash grant and it is often provided as value vouchers as e-vouchers or printed vouchers.</p>	<p>Procurement Procedure does not apply</p> <p>A market assessment on current prices and availability of products shall be conducted and an agreement reached with selected shop owners. No fixed prices are agreed on, but often a maximum price increase of 10-20% is written into the contract with the vendor(s). Price fluctuations, ability to deliver and the quality of supplies shall be monitored during the implementation. Assessing the market, entering agreements and monitoring the market is the responsibility of the Programme staff with involvement of procurement staff when feasible.</p> <p>In some contexts, and depending on the programme objectives, it may be an advantage to select suppliers based on a Procurement Procedure, but this is not a requirement. This shall be established in cooperation between programme and procurement staff.</p>

Unrestricted	If the cash is unrestricted, the beneficiaries receive cash or mobile money and are free to spend them with no restrictions! No predefined suppliers/service providers exist. This type of Cash Grant is usually provided as cash money, mobile money or via bank transfer to a bank account.	Procurement Procedure does not apply A prerequisite for unrestricted cash is that a market of a sufficient size exists. This assessment is carried out by the project / programme staff.
---------------------	--	--

For more information, resources and guidelines on CTP please go to the Fabo.org learning site [Cash Transfer Programming Resource Site](#) where the [DCA Cash Transfer Guidelines](#) can also be accessed. The DCA Cash Transfer Guidelines ¹³covers such topics as Cash preparedness, planning, implementation, risks and monitoring, and provides specific procurement relevant information for entering Framework Contracts with FSPs, and suggestions for financial and technical criteria for sourcing FSPs¹⁴.

4.5 COMMUNITY INVOLVEMENT

Community involvement in procurement is defined as the participation of beneficiaries in the procurement process and it is governed by the Procurement Procedures laid down in this Manual as well as donor requirements.

Use of Community Involved Procurement

Community involvement in procurement is often used where the community has access to the market and can provide meaningful inputs on what to buy and where to buy. Typical resources are village products such as bamboo, paddy seeds, indigenous variety of seeds, sand, bricks, boats, nets, livestock, fishing and perishable goods, etc.

Organising Community Involved Procurement

Community involvement can be organised in several ways and with varying complexity. Some common approaches are:

- Community participation in identifying material needs and providing input to the Procurement Committee on technical specifications.
- Community participation in identifying material needs, formulating technical specifications and in addition identifying suppliers and collecting quotations in the market in collaboration with the Procurement Committee.
- Communities participating in identifying material needs, formulating technical specifications, identifying suppliers, collecting quotations and in addition negotiating the prices and deciding on what to procure. This requires that the beneficiaries become members of the Procurement Committee.

NOTE: The legal relationship shall be between the implementing partner organisation and the supplier or candidate. Consequently, it is only the implementing partner organisation that can issue the Purchase Order or Contract.

Planning of Community Involved Procurement

Planning of community involved procurement is an integrated part of preparing the Procurement Plan. A project may involve one or several activities that include community involvement in the procurement process. Before including an element of community involvement, please carefully consider the suitability and how to organise and manage this activity. Consider the following:

¹³ [DCA Cash Transfer Guidelines](#) section 2.3

¹⁴ [DCA Cash Transfer Guidelines](#) section 7

- If more suitable alternatives such as cash grants or vouchers could fulfil the same purpose. See section 4.4 for more information on cash grants and vouchers.
- If a project activity requires beneficiaries to contribute with e.g. sand or bricks from their land, it is paramount to include a detailed description in the project proposal. Procurement from beneficiaries fall under Blanket Derogation and the Simple Procedure is applicable irrespective of contract value (see section 4.7.1).
- Is there a market to meet the principle of competition?
- The need for capacity building of community participants in terms of the technical requirements of Procurement Procedures and record keeping.
- The substantial time needed to collect information by the community, and how to organise the procurement in the Procurement Committee.
- How to avoid conflicts of interest e.g. preventing Procurement Committee members from purchasing from family and friends and from becoming suppliers themselves.

NOTE: Beneficiaries may not use own cash subsidies to purchase a more expensive item than the item selected as a result of a Procurement Procedure. A type of item that differs from the selection in the approved Procurement Plan will be deemed ineligible.

4.6 USE OF OWN VEHICLES

If an implementing partner organisation wishes to utilize all or part of a vehicle rental budget line on a vehicle from their own existing fleet instead of concluding a rental agreement with a company, only maintenance and running costs for such a vehicle are eligible. Rental from own vehicle fleet is not allowed, except when it is allowed by the donor.

To make the running costs of the organisation's own vehicle an eligible cost, the daily or monthly rates for running costs shall be significantly lower than the current commercial vehicle rental rates indicating that the purpose is not profit making. It is therefore recommended to conduct a market survey establishing the current market price. This can be done by collecting three quotations.

The vehicle in question shall be dedicated to the project during the project time period indicated to avoid a complex monitoring procedure. Proper records of the vehicle's activities in the project must be kept in a logbook (showing location and purpose of the vehicle's movements) as well as fuel receipts.

The following information shall be established at project start and filed for reporting:

- Details of vehicle i.e. model, registration number, etc.
- Purpose of the use of the vehicle.
- Time period for use of the vehicle.
- Daily or monthly charges including details of what this includes i.e. fuel, driver costs, maintenance, insurance etc.

For guidance on fleet management, and fleet management templates, please see the [DCA Logistics Manual](#)

NOTE: The use of own vehicles technically falls outside of procurement, but it is often monitored by procurement staff, which is the reason for including it in this manual.

4.7 DEROGATIONS

All organisational or project procurement must comply with the guidelines of this Manual unless there are exceptional circumstances preventing this. For those circumstances it is possible to obtain an exemption or waiver from the guidelines. This can happen by way of a Blanket Derogation or by approval.

The Blanket Derogations are a set of predefined situations in section 4.7.1 where the Manual grants derogations without any further approval from the organisation. For all other situations, where it is not possible to comply with the rules and guidelines in this Manual, a written derogation may be requested based on the six predefined justifications set out in section 4.7.2 Derogation by Approval.

All derogations shall always be properly justified and documented. If the justifications defined in section 4.7.1 and 4.7.2 cannot support a derogation, then procurement must be undertaken and documented according to the rules and guidelines in this Manual.

NOTE: Donors may have different justifications and approval requirements than those outlined in this Manual and in such instances those requirements prevail.

4.7.1 Blanket Derogations

In exceptional circumstances it may not be possible to meet the requirements of this Manual and for the predefined situations outlined below, a Blanket Derogation is available.

A Blanket Derogation does not require prior approval but must be documented in the procurement file with reference to the relevant section below and a justification on why the Blanket Derogation is relevant.

Procurement from a Single Supplier

For the below predefined situations, a Blanket Derogation is available to negotiate with and procure from a single supplier, irrespective of contract value. The procurement shall always be documented by a Purchase Order or a Contract with complete technical specifications or TOR, proof of receipt of the supplies, services or works and an invoice.

- a. For emergency operations meeting immediate and unforeseeable humanitarian requirements generated by sudden natural or man-made disasters, such as floods, earthquakes and outbreaks of fighting or comparable situations. The concept of emergency also includes any situation, in which the implementation of the humanitarian aid operation must start immediately, and the delay incurred by sending Procurement Contracts out to tender would put lives at risk. The emergency is declared by DCA or the donor and cannot be based on circumstances attributed the Contracting Authority, such as delays due to poor procurement planning, or other delays to the procurement activities. If possible and pertinent, it is though always recommended to conduct a competitive Procurement Procedure to obtain better quality and value for money.
- b. Whenever no tenders or no suitable tenders/proposals/quotes have been submitted in response to a Negotiated or Open Tender Procedure after the initial procedure has been completed. This, provided that the original terms of the contract are not substantially altered.
- c. Whenever, due to a monopoly situation, the contract can only be awarded to a particular supplier or service provider.
- d. For additional contracts repeating services, works or supplies given to a contractor awarded an earlier contract in the same region provided that the terms of the original contract are not substantially altered. The period since the award of the first contract shall not be longer than one year.
- e. For additional supplies, works and services not included in the initial contract which, due to unforeseen circumstances, have become necessary for the performance of the activities, provided that the total amount of additional supplies, works or services does not exceed 50% of the value of the initial contract.
- f. For property rental contracts.

- g. For contracts on particularly advantageous terms, either from a supplier who is winding up its business activities or from the receivers or liquidators of a bankruptcy, an arrangement with creditors, or a similar procedure.
- h. For purchases from a recognized Humanitarian Procurement Centre (see section 4.8).
- i. For purchases where prices or rates are fixed by legislations or by regulatory bodies.

Other Exemptions

For additional specific situations a Blanket Derogation is available for:

- j. Emergency operations and situations putting the staff and beneficiaries at risk, the Contracting Authority may refrain from posting a general advertisement at the beginning of the project.
- k. Situations where posting an Award Notice will put staff, beneficiaries, the project or the winning contractor at risk, the Contracting Authority may refrain from posting an Award Notice for contracts above EUR 30,000.
- l. Purchases of products grown or produced by the beneficiaries, such as bamboo, timber, eggs, vegetables, saplings, jute, sand, gravel, stones and livestock the Contracting Authority may apply a Simple Procedure (as a minimum), irrespective of the contract value.
- m. Purchases of livestock from the general market the Contracting Authority may apply a Simple Procedure (as a minimum), irrespective of the contract value.
- n. Online purchases of supplies up to a value of EUR 9,999 issuing of a Purchase Order is optional.

NOTE: If more restrictive Procurement Procedures are stipulated by the donor, these shall always prevail.

4.7.2 Derogation by Approval

In addition to the Blanket Derogations described above, situations may arise where it is necessary to request a derogation to depart from the procurement guidelines of this Manual. Such derogations are subject to a written approval from the DCA Head of Procurement and Logistics in Copenhagen and may be granted based on the following reasons with justifications. Please refer to the box below for examples of justifications:

- Security reasons
- Operational reasons
- Technical reasons
- Ethical reasons
- Cost or delays due to transport
- Legislation

Similarly, donors may have provisions for granting derogations to their guidelines, which should be requested directly from the donor. To avoid delays, please identify and plan for derogations during the project planning phase and include these in the project application.

Examples of justifications for Derogations by Approval**Security justification**

Due to an ongoing conflict, the supply route to the area of intervention was frequently cut off, resulting in delays and loss of goods. Consequently, it was not possible to take delivery from the supplier offering the best value for money. Therefore, the written request to derogate from the Negotiated Procedure, to purchase from the two available suppliers in the project area was granted.

Operational justification

A new project involved the purchase of five motorcycles. The organisation already had a fleet of Yamaha motorcycles including a small stock of spare parts to handle most motorcycle repairs. Based on this operational situation, the project requested permission to purchase brand specific Yamaha motorcycles under a competitive procedure. The written request to purchase brand specific Yamaha motorcycles was granted.

Technical justification

For technical reasons, the mapping of a project community demanded highly advanced software for obtaining the required result. The careful market research proved that only one type of software from one provider could meet the requirements. The written request to proceed with this single source technical product was approved.

Ethical justification

In a Humanitarian Response project, there was a requirement for tents for a refugee camp. After carefully assessing the market, it was found that only one supplier of tents could provide evidence of not using child labour. The written request for derogation to purchase from this single supplier was granted.

Legislative justification

A Humanitarian Mine Action programme, was procuring the drug Morphine for first aid kits. Procurement of medicine requires a Negotiated Procedure with only pre-qualified suppliers. However, because Morphine is a restricted drug, the National Drug Regulatory Authority in the country of operation would only allow the programme to procure the drug from the government controlled Central Pharmacy. This led the Programme to submit a written request for derogation to purchase the drug from the Central Pharmacy. The derogation was granted.

4.8 HUMANITARIAN PROCUREMENT CENTRES

A [Humanitarian Procurement Centre \(HPC\)](#) is a DG ECHO recognised entity specialized in buying emergency and health supplies and related services for use in humanitarian aid operations. These entities are always non-profit and either autonomous entities or specialised procurement and logistics departments of INGOs. The overall purpose of an HPC is to facilitate efficient and safe procurement of quality products and to reduce costs for Contracting Authorities. HPCs foremost provide services within stockholding, non-stockholding and consultancy services for the following products and services: pharmaceutical products, medical devices, veterinary, foods, water and sanitation, engineering, shelter, telecommunication, transport and administration.

A HPC is a non-profit entity and overhead costs or handling fees are only to be charged by the HPC to cover its costs, never for profit making. The HPC is restricted to charge an admin fee of maximum 7% of the total direct costs, but the admin fee is often lower than the 7%. The contractual arrangements concluded with the HPC shall include the necessary provisions in this respect and shall allow the identification of the different costs. It is not necessary to request supplementary documentation relating to the relationship between the HPC and its suppliers e.g. Framework Contracts, insurance invoices, transport documentation, etc. However, it is important to keep procurement documentation for the contractual relationship with the HPC.

The HPCs have been approved by DG ECHO to deliver quality products at competitive prices. Consequently, when purchasing from a HPC it falls under Blanket Derogation' h. in section 4.7.1 and the Contracting Authority can negotiate with a single HPC, irrespective of the contract value. Please note that even though a DG ECHO recognised HPC assumes the responsibility of ensuring the required quality of products and respecting the appropriate procedures, it is always the responsibility of the Contracting Authority, to assure that the HPC lives up to its responsibilities.

Recommendation

For the procurement of medicine and medical devices and to ensure quality in products, it is strongly recommended to use a DG ECHO recognised HPC. When buying from a HPC Blanket Derogation h. in section 4.7.1 allows procurement from a single HPC, irrespective of the contract value.

Concluding a Contract with a HPC

The contractual relation is solely between the Contracting Authority and the HPC, and it is governed by the contract signed by them. When entering a contract with a HPC the Supply and Service templates are relevant. Adjust the contract to the specific procurement task and ensure that the following issues are carefully considered and implemented in the contract:

- The HPC shall ensure the identification and breakdown of the different costs in the invoice.
- The HPC shall be able to certify that it is recognised as a HPC by DG ECHO and follow DG ECHO recognised Procurement Procedures.
- The HPC shall show compliance to international standards and quality assurances. This is a requirement for the procurement of pharmaceuticals, medical devices and food.
- The HPC shall immediately inform the Contracting Authority if a situation occurs where DG ECHO may cancel the registry of the contractor as an approved HPC.
- Delay in shipment and demurrage charges as a result of missing documentation is the sole responsibility of the HPC, unless the delay is due to the fault of the Contracting Authority.
- Provide clear and detailed technical specifications and TOR to the HPC.
- Avoid additional costs such as bank guarantees or interest payments as these are non-eligible costs.
- When awarding the contract, mention the source of funding in the Purchase Order or Contract.

4.9 FRAMEWORK CONTRACTS

A Framework Contract is a long-term (maximum four years) contract concluded between the Contracting Authority and one or several contractors. It is used to define the general terms such as subject, technical specifications, price(s), duration, procedure for the award of specific contracts, etc. for future procurement of a series of goods or services for which the precise quantity or scope and time of delivery cannot be defined at the outset of the contract. The specific conditions, quantity, date of delivery, etc. of a given purchase shall only be laid down in a Purchase Order or Contract when the goods or services are needed. Purchase Orders and Contracts under a Framework Contract shall be placed in accordance with the terms laid down in the Framework Contract.

Framework Contracts can be used for the purchase of services or supplies and do not need to be tied to a specific project or action. It is not possible to have a Framework Contract for works.

Recommendation

Framework Contracts shall be used for recurring office purchases from the same supplier e.g. telephone, internet, catering, cleaning, stationary, hall rent, audits, etc.

The Framework Contract helps reduce costs, improve efficiency in supply chain management and improves relations with reliable contractors. Framework Contracts may never be used in such a way as to prevent, restrict or distort competition.

The decision to establish or apply the Framework Contract to a series of purchases shall be made during the project proposal stage and integrated into the Procurement Plan.

Please ensure availability of an updated list of all Framework Contracts in force. Purchase Orders or Contracts placed based on a Framework Contract shall be archived in the procurement file.

Framework Contracts with a Single Contractor

A Framework Contract can be entered with a single contractor. The applicable Procurement Procedure for the award of the Framework Contract with a single contractor shall be based on the Contract Category and the total value of the contract for the entire duration of the contract. Each specific contract under the Framework Contract is ruled by the general terms laid down in the Framework Contract and is not subject to reopening of competition.

Framework Contracts with Multiple Contractors

A Framework Contract can be entered into with multiple contractors also called Multiple Framework Contracts. Each contractor has a separate Framework Contract with the Contracting Authority, but the contracts are concluded on identical terms. The applicable Procurement Procedure for awarding multiple contractors with a Framework Contract is based on the Contract Category and the total value of the contract for the entire duration of the contract. For multiple Framework Contracts the minimum number of contractors shall be at least three.

Purchase Orders or Contracts under a Framework Contract are issued based on a list of priorities without reopening competition. The Contractor who made the best quote or proposal is ranked number one. If that contractor is unavailable or not interested in the specific contract, the Purchase Order or Contract is then placed with the second contractor on the list and so forth. For this kind of multiple Framework Contract the general terms laid down in the Framework Contract is applied to the award of the specific contract.

In sectors subject to rapid price changes or technological developments (computers, software, mobile phones, etc.), Framework Contracts without reopening of competition are not recommended. However, if a Framework Contract is entered, the Framework Contracts shall contain a stipulation either on a midterm review or on a benchmarking in order to adjust the general terms to developments in the sector.

Example: Applicable Procurement Procedure for a Framework Contract

When concluding a four-year Framework Contract for demining tools with an estimated contract value of EUR 50,000 per year, the total value of the contract is EUR 200,000, and the applicable Procurement Procedure is a Local Open Tender.

4.10 RUNNING COSTS

Running costs are defined as recurring purchases and costs on a pre-determined frequency e.g. weekly or monthly and are often related to office procurement. A framework contract shall be established for any running cost, where possible. This will ensure efficient use of staff time and obtaining best quality and value for money.

NOTE: If donor rules are stricter, these shall prevail.

Examples of Running Costs

Rent and maintenance of office buildings, coffee, tea, water, fuel, maintenance of existing motor vehicles, repair of machinery, electricity, newspapers, magazines, books, cleaning articles, postage, packing, copy paper, stationary, insurance, financial services (transfer charges, bank guarantees, etc.), taxi services, catering, internet and telephone subscriptions and cleaning services.

4.11 SOURCING OF SUPPLIERS AND CANDIDATES

It is essential to source suppliers and service providers as broadly as possible to create transparency, equal opportunity, competition and to ensure that the best value for money is obtained for any given Supply-, Service- or Works Contract. Several sourcing methods exist, and some are described below. Please take note of special donor requirements such as pre-qualification of suppliers and candidates.

4.11.1 Mandatory General Advertisement

At the beginning of a project the Procurement Committee shall always ensure that a general Advertisement of Business Opportunities is published to inform the community and potential suppliers and service providers about the business opportunities offered in the project. The general advertisement helps the Procurement Committee to source new suppliers and service providers, and it will generate competition, as well as promote transparency and accountability. When posting a general advertisement in the beginning of the project please use GEN 8: Advertisement of Business Opportunities or SUP 11-3: Advertisement of Business Opportunities for Procurement of Medical Devices.

This general advertisement is mandatory and shall be published in relevant newspapers, that normally carry such notices. If newspapers or other printed media are not available or do not provide the best advertisement platform, a notice can also be posted on the internet, in a relevant trade journal, on a notice board in front of the office, at the market or in other relevant public places.

When relevant, please carry out a small-scale risk analysis on potential country or sector specific ethical risks and on the suppliers' ethical business performance e.g. risks of labour rights violations in the sector, CSR policy, safety policy, standards and ISO or SA8000 certifications (or lack of), etc. The findings can be used to inform potential suppliers and service providers of specific requirements in the Advertisement of Business Opportunities and later include the criteria in the RFQ/RFP/Tender Dossier (See section 1.5.1 for the implementation of the ethical procurement principles).

NOTE: In an emergency operation, it is optional to publish a general Advertisement of Business Opportunities. Please see Blanket Derogation 4.7.1 (j).

Visibility of the General Terms and Conditions and Code of Conduct for Contractors

In order to make future suppliers and service providers aware of the GTC and COC it is recommended that these documents are made available in a visible place in the Contracting Authority's office (e.g. on a notice board).

4.11.2 Other Sourcing Opportunities

In addition to the mandatory general Advertisement of Business Opportunities, the following list gives examples of common methods to source new suppliers and service providers and general issues to consider when sourcing.

References from other Organisations or Companies

Contact other organisations such as NGO's, UN agencies or NGO networking bodies and learn more about where they procure supplies, services and works.

Internet

Suppliers or service providers can also be sourced via the internet, through search engines such as [Google](#) relevant national or global portals.

Chamber of Commerce

Often the Chamber of Commerce will have a website with information of their members. Alternatively contact the Chamber of Commerce and ask for a list of suppliers and service providers of the required type of product or service.

Trade Organisations

Search the market for trade organisations. Posting a general Advertisement of Business Opportunities and the Tender Notices in a trade magazine or journal is an effective way of sourcing qualified suppliers and service providers. Contacts to embassies or country representations are likely to produce useful information on trade organisations.

Yellow Pages

Look at the yellow pages or similar online portals, as well as printed directories.

Trade Fairs or Exhibitions

Visit relevant trade fairs, such as the [Medica Trade Fair](#) for medical devices.

Databases

It is highly advisable that the Contracting Authority establish and maintain a supplier database for easy sourcing during the execution of the Procurement Procedures.

Sourcing of Suppliers of Medical Devices

To source suppliers of medical devices, it is recommended that an Advertisement of Business Opportunities is published at the beginning of the year or project period. This advertisement shall invite suppliers of relevant medical devices to be prequalified and registered in the supplier database.

Requirements for suppliers of medical devices are described in section 4.13.2, and in SUP 11-1 Advertisement of Business Opportunities for Medical Devices.

Sourcing Challenges and Considerations

When sourcing new suppliers and service providers in different contexts, different challenges occur. In some contexts, suppliers or service providers may not be familiar with the procurement process and this way of doing business. In that case it is important to ensure that they are informed about the process and ensure that they fill in all the required information in the RFP/RFQ/Tender Dossier, sign and stamp the relevant pages and submit their bid according to the described requirements. Supporting and capacity building potential suppliers or service providers in attending a tender process aims at promoting competition and equal opportunity and thus enable the Contracting Authority to obtain the best quality and value for money. One way of doing this is to conduct vendor trainings where e.g. a Tender Procedure and affiliated requirements are covered. In some contexts, a consequence of not supporting suppliers or service providers in the process may be that the Contracting Authority does not obtain any valid quotes and thus run the risk of delaying project activities. Always ensure that all suppliers and service providers are treated equally and have access to the same information.

Another challenge may be that suppliers or service providers are not interested in participating in a tender procedure because they find it too complicated to submit a quote or proposal for a contract they consider to be of a very low value to them. One way of dealing with this is to keep good contact with the suppliers and service providers and explain to them why they should submit a quote, proposal or tender. This could also be done in a cover letter submitted with the RFQ/RFP/Tender Dossier.

4.12 TECHNICAL SPECIFICATIONS AND TERMS OF REFERENCE

Technical specifications and TOR define the characteristics of a product or service and take the intended purpose into consideration. Their careful design is very important to the outcome of the procurement process and to the ultimate success of the project. Complete and comprehensive technical specifications and TOR are necessary for suppliers and service providers to respond realistically and competitively to the requirements of the Contracting Authority. They also help the bidder to plan and comment on the requirements and may have a positive effect on their ability to comply with the ethical principles and standards.

Furthermore, complete and comprehensive descriptions can prevent the unfortunate cancellation of a procurement procedure and resulting delays. More importantly, it can prevent the purchase of inadequate or incorrect equipment or services and the waste of tax-payer's money.

In the process of designing the technical specifications and TORs, please consult all relevant stakeholders and if required enlist the assistance of internal or external technical experts.

Technical Specifications

The technical specifications are the minimum standards needed. To receive several offers and to facilitate as much competition as possible, it is important to design genuine technical specifications without restrictions to a specific brand. This does not prevent the contracting Authority from getting what they want, instead it opens the market. As a result, the Contracting Authority might receive offers for suitable products they are not aware of, and for products which did not materialize during the market survey. References can be made to brand- and manufacturers' name, catalogue- and model numbers but are for references only. Such references are to indicate function, quality and performance and are typically referenced by stating 'or equivalent', 'or similar'. Consequently, quotations for other equipment with equal function, quality and performance will be given full consideration. If the contracting Authority is in a situation where only a certain brand or model is suitable, please refer to the exceptions to the competitive rules in section 4.7 Derogations.

In technical specifications for materials, equipment, workmanship and other resources, international standards shall be used as much as possible. Where e.g. a national standard is referred to, the technical specifications shall state that other standards with a quality equal to the standard mentioned will also be acceptable.

Technical specifications, including the characteristics and requirements related to a product or works include:

- Quality levels
- Environmental or social criteria e.g. certifications or equivalent proof of compliance
- Design for all requirements
- Levels and procedures of conformity assessment
- Fitness for use, durability and validity
- Safety
- Marking and visibility requirement
- Other dimensions, e.g. user instructions, testing and test methods, packaging, marking and labelling, production procedures, methods etc.

Examples of Technical Specifications

For a project the following technical specifications were applied in the procurement of Long-Lasting Insecticidal Mosquito Nets:

- Material: 100% Polyethylene (Composition ISO 1833)
- Size: L 180 x W 160 x H 150 cm
- Color: White or grey
- Fabrication: Warp knitted
- Denier: DUPRO min. 100
- Net mesh size: Min 55 holes per inch²
- Weight: Max 45 g/m²
- Shrinkage: Max +/- 5% (ISO 5077/ISO 6330)
- Bursting strength: Min 350 kPa for net material and seems (ISO 3938-1)
- Fire safety: Class 1
- Insecticide: WHOPES recommended, Long Lasting (min 4 years)
- Insecticide concentration: WHOPES recommended

To design technical specifications for works contracts the Procurement Committee is recommended to use internal or external expertise with experience in the field. If an external engineer is chosen to supervise the works, it is beneficial to involve the same engineer in the design of the technical specifications.

Terms of Reference

Programme staff are usually in charge of drafting the TOR. It is important that the TOR includes all requirements related to the service needed, to receive proposals which can fulfil the task and provide the best price and quality ratio.

The TOR aims to ensure that all issues are covered systematically and that key factors related to clarity of objectives and sustainability are considered. The minimum content of a TOR for services is as follows:

- Background information
- Contract purpose and expected results
- Assumptions and risks
- Scope of the services activities
- Timing, logistics and facilities
- Key experts and other personnel
- Subcontracting (if any)
- Reporting
- Environmental or social criteria (e.g. certifications or equivalent proof of compliance)

The SER 2-3 contain an adjustable template for the TOR as do the Request for Proposal (RFP) and the Tender Dossier for Service Contracts.



Learn more about drafting a TOR for Service Contracts in e-training number 6: [Guide to SER 2: Request for Proposal](#).

4.13 PROCUREMENT OF MEDICINE AND MEDICAL DEVICES

Procuring medicine and medical devices is complex, time consuming and requires knowledge of the market, the products required, the national drug regulatory system, occurrence of counterfeits, as well as knowledge on pre-certification¹⁵ and pre-qualification requirements. It is very important to obtain such knowledge at the

¹⁵ Pre-certified refers to a pre-approved supplier. A supplier is considered pre-certified when he/she has demonstrated to an international recognised certification body that its premises and facilities meet internationally recognised standards (based on WHO norms and standards), and that products are pre-qualified (based on WHO norms and standards) by an international recognised certification body.

Project Planning phase in order to be able to plan the purchases correctly, ensure purchase of high-quality products and to meet donor rules and requirements. Note that import may be the only way to ensure quality of products and adherence to the procurement rules. Lack of knowledge and timely planning may result in delays or cancelation of activities, the purchase of counterfeits – with the risk of endangering beneficiaries' lives, wasted time and money, and cost being declared ineligible by donor. Thus, it is very important to set aside time to obtain the required information and ensure thorough procurement planning at the planning phase of a project. It should not be postponed until the implementation phase.

At all times, the aim of procuring medicine and medical devices is to ensure high quality products which are genuine, effective and safe for patients. Quality shall always be the number one priority when procuring medicine and medical devices. To ensure procurement of high quality and genuine products the starting point is always to appoint an ECHO recognised Humanitarian Procurement Centre (HPC).

ECHO recognized Humanitarian Procurement Centres

ECHO recognized HPCs are non-profit entities specialising in buying emergency and health supplies. The HPC conducts efficient and safe procurement and assumes responsibility for purchasing high quality and genuine medicine and medical devices. Appointing an HPC reduces the risk of procuring counterfeits, which is a very important aspect of buying medicine and medical devices. Additionally, when buying from a HPC a Blanket Derogation to negotiate with a single HPC is available (Blanket Derogation h. in section 4.7.1). This, irrespective of the contract value. Procurement from a HPC will be more costly than procuring directly from other suppliers, but to ensure procurement of safe, high quality and genuine products, the appointment of a HPC is of high priority and cost should not be an issue. It is though very important to include all costs related to appointing a HPC in the budget at the project planning phase (admin fee, transport, custom clearance, insurance, etc.). For more details on HPCs, see section 4.8.1.

Pre-certification of Candidates and Pre-qualification of Products

To ensure high quality of products, and to respect patents and national regulations in the individual countries, it is paramount to abide by international norms for procurement of medical products. When procuring from a HPC, this is ensured by the HPC. If it is not possible to procure from a HPC, it is always a requirement that the Contracting Authority shortlist only pre-certified suppliers who can deliver pre-qualified medicine and/or medical devices that meet international standards for production, storage, distribution and management. Suppliers shall always provide proof of the company's pre-certification and pre-qualification of the products they sell. If the Contracting Authority procures medicine and medical devices without appointing a HPC, the applicable Procurement Procedure is always the Negotiated Procedure – irrespective of the contract value.

Counterfeits

The biggest threat to purchasing safe quality products is falsified and sub-standard medicine and medical devices, from hereon called counterfeits. Counterfeits are an immense problem globally, but most common in developing countries where thousands of people die every year due to counterfeit medicines¹⁶. WHO defines counterfeit medicine as 'Substandard and falsified medical products'. Substandard medicine is authorized medical products which fail to meet either their quality standards and/or their specifications, and unregistered and unlicensed medical products. Falsified medicines are products which deliberately/fraudulently misrepresent their identity composition or source¹⁷. Counterfeits are prevalent across all categories of medicine and medical devices, ranging from cough medicine and headache pills to vaccines, controlled drugs, syringes or electrical equipment. Due to counterfeits' failure to provide treatment, direct harming ability and the development of drug resistance, they pose a genuine threat to recipients' lives and public health in general. Counterfeit medicines and medical devices are widespread in the medical market and especially in developing countries. States' weak and inadequate regulatory control systems, high levels of corruption and low law enforcement capacity, enables counterfeits to enter the distribution channels at no risk. In countries with high levels of corruption and instability, it is likely that counterfeits enter the

¹⁶ <https://qz.com/africa/1601659/africas-counterfeit-drug-problem-being-tackled-by-innovators/>

¹⁷ https://www.who.int/medicines/regulation/ssffc/A70_23-en1.pdf?ua=1

market even though the National Drug Regulatory Authority¹⁸ which is recognised as a stringent regulatory authority who officially apply WHO norms and standards when pre-certifying candidates and pre-qualifying medical products. Appointing an ECHO recognised HPC significantly reduces the risk of purchasing counterfeits and it is always recommended to procure from a HPC.

Counterfeit Facts¹⁹

- 10% of global medicine trade is counterfeit
- More than 30% of medicine sold in some areas of Africa and Asia are counterfeits
- WHO estimate that global trade in counterfeit medicine is worth up to EUR 73 billion annually
- 42% of detected cases of counterfeit medicine occurred in Africa
- Antibiotics, painkillers, anaesthetics and malaria medicine are the most often reported counterfeits
- It is estimated that 300.000 children die every year due to counterfeit medicine in Africa alone
- An estimated 300.000 people die every year in China due to counterfeit medicine
- China and India are main players in producing counterfeits and distributing worldwide
- In 2013, 550 million counterfeit medicines with a market value of USD 275 million were seized in 23 African countries in a large scale coordinated operation

Safe Disposal of Medicines and Medical Devices

Recalled, damaged, unwanted or expired medicines (incl. veterinary medicines) or medical devices shall always be disposed of in a safe and appropriate manner, which lives up to national regulations and international best practices. Medicine shall always be treated as pharmaceutical waste and not as regular waste. Some medical devices can be recycled or treated as regular waste. If improper disposal of medicine has been uncovered, it is important to contact the immediate manager and subsequently follow the national rule for the correct disposal.

Depending on the product in question, different methods for safe disposal exist. Some products may be returned to the contractor, some may be handed over to government regulated pharmacies and some products will require disposal via the National Drug Regulatory Authority. National and regional rules shall be adhered to and the Ministry of Health or the National Drug Regulatory Authority shall be contacted to obtain national guidelines on disposal of medicines and medical devices. Disposal should always be undertaken in conjunction with the National Drug Regulatory Authority, but in some countries, there are no, or a limited, legal frameworks in place and therefore no guidelines and official channels to dispose and destroy medicines and medical devices. Under such circumstances, it is advised to consult WHO or other relevant UN agencies or INGOs in the country of operation for guidance and information on how to handle safe disposal of medicine and medical devices.

Read more about what medical products are considered pharmaceutical waste and to be disposed of via official channels, and which products can be recycled or treated as regular waste in the [WHO guideline section 3.4 - 3.7](#).

Please note that some expired or damaged medicine and medical devices are considered hazardous waste when transferred across borders and are regulated under the [Basel Convention on the Control of Transboundary Movements of Hazardous Wastes and their Disposal](#).

¹⁸ A National Drug Regulatory Authority is a general term used to refer to an authority under the Ministry of Health which is responsible for the regulation and administration of the laws on medicines and medical devices.

¹⁹ <https://enact-africa.s3.amazonaws.com/site/uploads/2018-11-12-counterfeit-medicines-policy-brief.pdf>

<https://www.bayer.com/en/background-information-on-counterfeit-drugs.aspx>

https://www.who.int/medicines/regulation/ssffc/publications/GSMS_Report_layout.pdf?ua=1

<https://edition.cnn.com/2019/03/11/health/fake-drugs-killing-children-study/index.html>

<https://cmpi.org/counterfeit-drugs-and-china-new>

<https://www.europeanpharmaceuticalreview.com/article/92194/the-impact-of-counterfeit-drugs-in-south-and-south-east-asia/>

<http://www.iracm.com/en/2013/06/operation-biyela-record-seizure-of-illicit-medicines-in-africa/>

4.13.1 Procurement of Medicine

Medicine, also referred to as pharmaceuticals, is the term used to define medical products comprising chemical substances with intended use for medical diagnosis, cure, treatment, or prevention of disease. Examples of medicine are headache and Malaria pills, vaccines, Oral Rehydration Salts (ORS), Penicillin, Morphine, eye drops, Insulin, etc.

The procurement of medicine is complex and time consuming and requires thorough planning and adherence to a strict Procurement Procedure during implementation. For the planning and implementation of procurement of medicine, it is mandatory to follow the step guide in SUP 11-1.

If the National Drug Regulatory Authority (NDRA) is not recognised as a stringent regulatory authority²⁰ medicine can only be sourced from an ECHO recognised HPC or imported from a Country where the NDRA is recognised as a stringent regulatory authority. If this is not possible or a formal derogation has to be submitted to the donor and approved by the donor before procurement of medicine in country can take place.

Throughout the planning and implementation process it is important to keep all relevant documentation in the procurement file and make Notes to File on progress, decision making, findings, challenges, etc.

4.13.2 Procurement of Medical Devices

The term 'medical device' refers to an instrument, apparatus, implement, machines, implants, invitro reagent or a component that provides a diagnosis, cure, mitigation, treatment, or prevention of a disease or condition, which does not achieve its intended use by being metabolised or through a chemical reaction.

Examples of medical devices are walking stick, surgical instruments, contact lens lubricants, condoms, stethoscopes, syringes, needles, bedpans, dressings, bandage, medical test kits, wheelchairs, hearing aids, implantable devices, Magnetic Resonance Imaging (MRI), and Computed Tomography Imaging (CTI).

To establish if a product is defined as a medical device, it is possible to consult the [FDA medical device database](#). The database is administrated by the US Food and Drug Administration and uses internationally agreed descriptions of medical devices from the Global Medical Device Nomenclature (GMDN) system.

Like procurement of medicine, the procurement of medical devices is complex, time consuming and requires thorough planning and adherence to a strict Procurement Procedure during implementation. It is mandatory to follow the step guide in SUP 11-2 for the planning and implementation of procurement of medical devices.

NOTE: Throughout the planning and implementation process, it is important to keep all relevant documentation in the Procurement File and make Notes to File on progress, decision making, findings, challenges, etc.

4.13.3 Procurement of Veterinary Medicine

Subject to the national veterinary drug regulations the Procurement Committee shall strive to assure best veterinary practices and that the product(s) comply with international standards on safety, quality and efficacy for veterinary medicine. This is to protect the health of both animals and consumers of animal products and meat. Please be aware that the risk of purchasing counterfeit veterinary medicines is high in developing countries. It is always recommended to consult a veterinary practitioner or qualified animal welfare expert when procuring veterinary medicines.

For the procurement of veterinary medicine, the applicable Procurement Procedure shall be established in accordance with the rules and procedures applicable to supplies, described in chapter 6 of the Procurement Manual.

²⁰ For information on what is required to be defined as a stringent regulatory authority, please see page 10 in Annex SUP 11-1.

To ensure the procurement of genuine and safe products the suppliers shall as a minimum be registered with the relevant regulatory authority²¹ and the product shall be licensed by this authority.

As a minimum, the following certificates shall be obtained:

- Proof of valid registration with the National Regulatory Authority
- Valid marketing authorisation or product license from the National Regulatory Authority for the product offered.

If possible and pertinent, the following additional certifications shall be obtained:

- ISO 9001:2000. Quality management systems or equivalent from contractor and manufacturer.
- GMP (Good Manufacturing Practice) certificate from manufacturer

The Procurement Committee shall always verify the certificates received from a supplier. Make sure to check the certificates for validity, name and address of the supplier and that the delivered medicines correspond with the certificate. Certificates shall always be filed in the procurement file.

Please take the necessary steps to ascertain that the quality of the product and the shelf life is sufficient upon delivery to the Contracting Authority. E.g. is the packaging broken or damaged? Is the spelling or logo of the product name correct, or could the product be a counterfeit? Etc.

Veterinary medicines shall always be subject to appropriate and safe storage and disposal.

Fatal Consequences of Purchasing Veterinary Counterfeits

For a project in Africa veterinary medicine was purchased to vaccinate app. 300 pregnant goats to ensure the survival of their kids. Proper measures were not taken to ensure the quality of the vaccines and consequently app. 150 goats and their kids died due to the vaccines being toxic counterfeits.

4.14 PROCUREMENT OF FOOD

The following special procurement rules and procedures applicable for the procurement of food are only applicable when food belongs to the category of food for human consumption (fresh and dry food)²². Included in this food category are also fortified products such as fortified or high calorie foods for prevention or avoidance of malnutrition.

Sourcing of Food Suppliers

Whenever possible and pertinent, procurement of food in the country of operation or neighbouring countries shall be given priority. It is essential to consider the context in which the action is implemented and to make sure that the procurement does not disturb the regional markets significantly and thus adversely affect vulnerable populations. Additionally, the food products shall as much as possible match the nutritional habits of the beneficiary population.

Quality and National Legislation

The characteristics of the products and their packaging shall respect quality standards laid down in the national legislation of the country of origin or the country of destination whichever legislation has the higher quality standard. Where legislation does not exist, internationally recognized standards such as [Codex Alimentarius](#) could be taken as reference to the extent possible.

Procurement of Fresh Food

²¹ In most countries the regulation of veterinary medicines is under the National Drug Regulatory Authority.

²² The purchase of commodities such as wheat or corn/maize intended for agricultural purposes or for animal consumption is to be done in accordance with the general applicable rules and procedures. Note that USAID have special requirements on this issue.

For procurement of fresh food, flexibility in dividing the fresh food procurement into several lots and with different contracts with various suppliers exists. This flexibility is introduced with consideration to the fact that fresh food is often seasonal, it is often purchased locally and from a variety of suppliers and the value of a contract is often of low or medium value (Simple Procedure or Negotiated Procedure). Splitting the procurement of fresh food into several lots may widen the variety of products, limit the risk of price inflation, reduce overall costs and support the development of the regional and national market economy. Each one of the fresh food lots will be considered individually, and not aggregated, in order to establish the applicable threshold.

Note that this flexibility in dividing procurement into several lots does not apply to the purchase of other types of food e.g. canned food, dry food, precooked food, etc. Also note that procurement of fresh food grown or produced by beneficiaries allows for Blanket Derogation I. to be applied and thus the Simple Procedure can be applied (as a minimum), irrespective of contract value.

Specifications in the RFQ or Tender Documents

For procurement of food the technical specifications shall be supplemented by the following specifications:

- The net weight and cubic meter measurements (m³) of the lots.
- The proposed price per net metric tonne of the product at the place of delivery.
- When of relevance, the transport costs from the place of loading to the place of delivery.
- The net quantity of the products offered shall be specified by the Supplier.
- The delivery deadline and timeframe e.g. where storage facilities at the delivery place are only available from a certain date.
- The accepted deviations in weight, quality and quantity and procedures for establishing reductions of price if accepted deviations are exceeded or if supplies are delivered after the agreed delivery date. Establish conditions for deliveries beyond the contracted delivery date or period.
- When required, apply the contractual Incoterm and the applicable Incoterm edition. When the Incoterm, specified in the Tender Notice, obliges the Supplier to take out a transport insurance policy, this insurance shall be for at least the awarded contract amount and shall cover all risks associated with carriage.
- Requirements to packaging and marking.

Procurement of Food above EUR 300,000

When awarding a food contract with a value higher than EUR 300,000 a monitoring agency shall be responsible for verifying and certifying the quantity, quality, packing and marking of supplies. The necessary provisions in the tender and contractual documents shall be included in order to assure the right of access and monitoring of the Monitoring Agency. If a monitoring agency is used on a regular basis, it is recommended to conclude a Framework Contract.

The award of contracts to monitoring agencies shall be in accordance with the applicable procedure for Service Contracts and shall be awarded prior to the award of the food supply contract. The Monitoring Agency shall never be involved in the selection of suppliers.

Buying from an HPC

When procuring food from an ECHO recognized HPC, the HPC assumes the responsibility of ensuring the required quality and respecting the appropriate procedures. However; the relationship shall always be monitored to assure that the HPC lives up to its contractual responsibilities. When appointing a HPC the Simple Procedure applies and the Contracting Authority can negotiate with a single HPC, irrespective of the contract value. The HPCs have already been approved by ECHO to deliver quality products at competitive prices. For more information on HPCs, please see section 4.8.1.

Therapeutic Food

Therapeutic food is special nutritional food with a therapeutic purpose of addressing moderate or acute malnutrition. This category includes therapeutic milk formulas, nutritional pastes, nutrient-fortified oat bars, etc. Therapeutic food to address moderate malnutrition is considered food supplies and shall be procured in accordance to the special rules and Procurement Procedures applicable to food supplies, see section 6.5.

Therapeutic food to address acute malnutrition is considered medical supplies and shall be procured according to the special rules and procedures for medical supplies in section 4.13.1.

4.15 PROCUREMENT IN EMERGENCY PROJECTS

Procurement in emergency situations falls under Blanket Derogation (a) and (j). Please see section 4.7.1 for details. Consequently, no competitive procedure is applicable, and the Contracting Authority can negotiate with and procure from a single supplier, irrespective of contract value. Emergency projects are also exempted from applying the general Advertisement of Business Opportunities (GEN 8) at the beginning of the project. Please note that the emergency must be declared either by the donor or DCA and cannot be based on circumstances attributed the Contracting Authority, such as delays due to lack of planning. Whenever possible and pertinent, it is recommended to conduct a competitive Procurement Procedure for high value contracts, to obtain the best quality and value for money.

Procurement in emergency projects shall be documented by a Purchase Order or Contract with complete technical specifications or TOR, proof of receipt and an invoice.

4.16 ONLINE PROCUREMENT

Online procurement is a business-to-business purchase and sale of supplies and services over the internet. Typically, web sites allow qualified and registered users to look for buyers or sellers of goods and services. Depending on the approach, buyers or sellers may specify prices or invite bids. Transactions can be initiated and completed online but be aware of fake internet shops and counterfeits available on the internet. Ongoing purchases may qualify customers for volume discounts or special offers.

For online purchases below EUR 10,000 and according to Blanket Derogation (n) in section 4.7.1, it is not a requirement to issue a Purchase Order. However, to minimize commercial risks, it is always recommended.

5 DOCUMENTATION AND MONITORING

A crucial part of the procurement process is to ensure that procurement documentation is properly compiled, filed and stored. In a worst-case scenario, incomplete procurement documentation may result in the repayment of funds.

Sound management of procurement documentation starts at the very beginning of the project and ensures that procurement is well documented throughout the entire project period.

5.1 PROCUREMENT FILES

Keeping proper records of all relevant procurement documentation from the outset of a project is a vital part of procurement. The procurement files are the main tool for this purpose, and it is the responsibility of the Procurement Committee to maintain proper compiling and record keeping of procurement documents as per the below instructions. Moreover, the Procurement Committee shall decide on the location of the physical procurement files during the project period and after receipt of the final payment, keeping in mind the accessibility and safety of the files in case of an audit.

NOTE: For easy access and retrieval, it is possible to file procurement documentation electronically. Please check the donor's requirement as some donors require files to be available in hard copies or both.

For all procurement of Supply, Service and Works, procurement files shall be compiled with the following minimum documentation as well as any additional relevant documentation:

Project Procurement File

- Application or Grant Contract
- Procurement Plan, updates and budget
- Donor procurement rules, donor communication (e.g. derogations)
- Declaration of Impartiality and Confidentiality
- General Advertisement for Business Opportunities and supplier responses
- Completed Procurement Documentation Tool
- General Note to File, if relevant

Simple Procedure Procurement File

- Purchase Request
- Copy of Procurement Request or Simple Procedure Quotation (optional) or Request for Proposal (optional)
- Proof of minimum three prices
- Evaluation, justification for selection of contractor and proof of eligibility
- Declaration of Impartiality and Confidentiality
- Purchase Order or Contract
- Copy of invoice
- Shipping documents
- Proof of receipt of supplies, services or works
- Note to File, if relevant

Negotiated Procedure Procurement File

- Purchase Request
- Shortlist of Suppliers or Candidates and Receipt Form
- Request for Quotation or Request for Proposal
- Quotations or Proposals
- Evaluation, justification for selection of contractor and proof of eligibility
- Declaration of Impartiality and Confidentiality

- Purchase Order or Contract
- Letter to Unsuccessful Suppliers or candidates
- Copy of invoice
- Shipping documents, if relevant
- Proof of receipt of the supplies, services or works
- Award Notice (optional below EUR 30,000)
- Note to File, if relevant

Open Tender Procurement File

- Purchase Request
- Tender Dossier
- Tender Notice
- Shortlist of Suppliers or Candidates and Receipt Form
- Tender Bids
- Tender Amendments, Questions and answers
- Tender Receipt Form
- Tender opening minutes (incl. Checklist, List of Participants, Tender Opening)
- Evaluation and proof of eligibility
- Declaration of Impartiality and Confidentiality
- Contract and Letter of Acceptance
- Letter to Unsuccessful Suppliers or candidates
- Copy of invoice
- Shipping documents, if relevant
- Award Notice
- Proof of receipt of the supplies, services or works
- Note to File, if relevant

The Note to File

For accountability purposes it is recommended that the procurement responsible staff keeps a 'logbook' in the form of a Note to File, for each procurement procedure and on general procurement related issues in the project (e.g. the steps that have been undertaken, delays, decisions, market challenges, etc.).

The Note to file is a useful document to bridge the gap between what is documented in the procurement file and what actually happened as well as providing an understanding of the context in which the procurement takes place. In addition, the Note to File is helpful to capture pricing collected from suppliers in person or through telephone conversations under the Simple Procedure. Any additional information from the Procurement Officer or committee may be included in a Note to File.

The information gathered in the Note to file enables the Procurement Committee, the procurement responsible staff and future auditors to track the procurement process for each purchase.

NOTE: Whenever a Procurement Procedure has multiple orders or deliveries, please prepare a reconciliation sheet, which lists all the invoices, proof of receipt, payments, etc. for that Procurement Procedure.

5.2 PROCUREMENT MONITORING

Procurement monitoring may take place as frequently as is possible and practical during the project implementation period. Ideally, the first monitoring visit would take place in the first few months of implementation in order to identify and rectify any potential problems at an early stage. Interim reporting and project completion stages are also ideal times for monitoring. It is, however, mandatory to undertake monitoring at least *once* during the project eligibility period. The key tools in procurement monitoring are the project Procurement Plan (GEN 7-1) and Procurement Documentation Tool (GEN 18). Both should be applied and updated during the monitoring process.

Procurement Monitoring		
Project Start	Interim Report	Project Closure/Final Report
1. Monitoring visit	2. Monitoring visit	3. Monitoring visit

The Procurement Documentation Tool in GEN 18, which matches the documentation listed in chapter 5.1, is a mandatory tool to identify the documentation available.

Procurement monitoring is usually carried out by the Grant Administrator. For consortia projects, monitoring may in some cases be carried out by the Lead Agency and in other cases it may be each consortium partner's responsibility to monitor own and implementing partners' procurement. This depends on the organisational set-up of the consortia project.

Ideally, procurement staff shall carry out procurement monitoring, but when pertinent, the finance and programme staff may also carry out the tasks. To create synergy, it is an advantage to carry out procurement monitoring jointly with finance and programme monitoring.

What to look for in Procurement Documentation

The documentation should be adequate and checked against the required documentation listed in GEN 18 as well as reviewed for quality, for example:

- Is a Procurement Committee in place? How many and who sits on the Committee? Are the Declarations of Confidentiality and Impartiality (GEN 2-1) signed by all the Procurement Committee members?
- Has the correct Procurement Procedure been applied?
- Do the dates on all documents match with the rest of the documentation for any given lot or project?
- Are all documents signed by the authorised individual?
- Do the technical specifications or TOR of the procured supplies and services match those in the RFQ/RFP?
- Are the documents drafted in English? If not, as per donor requirements, the most important sections should be translated into English, e.g. type of document, names of items, specifications, quantity, price, total value, etc.
- Is there an Evaluation Grid or minutes of the evaluation meeting, signed by the Procurement Committee members? Is the reason for choice of contractor clearly stated and in compliance with the award criteria in the RFQ/RFP/Tender Dossier?
- Is the value of a contract identical on all documents and does this match the Procurement Plan?
- Is there a signed contract or Purchase Order? Does this include GTC and COC?
- Is there a copy of an official invoice? If not, it may suggest that supplier is not tax registered.
- Is there a 'proof of receipt' of the supplies, services or works?
- Arrange for Contract Awards (> EUR 30,000) to be published if not already done so.

Please capture the outcome of the review in the Procurement Monitoring Tool (GEN 18) and indicate which documents are on file. Should any documentation be missing, please insert a comment and request the

Contracting Authority to gather all missing or additional documents and keep these in the procurement file. Please ensure that all the required documents are organized in the correct order in the procurement file.

A Note to File should be used whenever there has been an unexpected aspect to the procurement of a lot, where the normal documentation is not self-explanatory. Please ensure that any necessary Notes to File are written, signed and dated by the appropriate staff members and kept in the file. When the review is completed and all documentation accounted for, please keep the Procurement Plan, the Procurement Documentation Tool, and any other relevant documentation, correspondence, etc. in the project procurement file.

5.3 PROCUREMENT FINALISATION

Upon procurement completion and before submitting the final donor report, the Procurement Committee shall ensure that the Procurement Plan is updated and harmonized with the Final Narrative and Final Financial Report. It is not uncommon that the information in the Procurement Plan differs from what was initially planned and the 'Actual Procurement' section in the Procurement Plan shall then be updated accordingly. In this way, the final Procurement Plan reflects both the planned procurement, the actual procurement and the changes that have occurred during the project period. It is also at this stage that GEN 18: Procurement Documentation Tool is finalised and filed.

Storage of Procurement Files

The Procurement Committee shall ensure that all procurement documentation is kept for at least five years after the final payment and ensure that the files are kept in a safe and accessible place, ready for audit.

NOTE: Some donors require documentation to be accessible for a longer period than five years and some donors require files to be kept in both physical and electronic files.

Final Procurement Plan

- Finalise the 'Actual Procurement' section of the Procurement Plan (actual Procurement Procedure, contractor selected, actual quantity, contract value and voucher or transaction no.).
- Ensure that the Final Procurement Plan matches the Final Financial Report. Check that the Procurement Plan matches (in donor currency) with the Final Financial Report and the Transaction List. There are often anomalies between the two, due to exchange rate variations, etc.
- Ensure that Final Procurement Plan reflects the Final Narrative Report. The Procurement Plan must indicate procurement of supplies, services and works that relates to the budget and the stated activities of the project.
- Ensure that any procurement related information, as required by the donor, is included in the final report and submitted timely.

Audit Preparation

In general, if the tasks described in section 5.1-5.3 have been completed correctly the procurement documentation is ready for an audit. It is important that this is ensured during project implementation and latest at project finalisation.

When selected for a procurement audit:

- The contract holder with the donor shall contact the involved implementing partner organisations for the purpose of gathering and forwarding documentation to the contract holder with the donor. It is the original files which shall be forwarded, unless the donor specifies otherwise.
- It is the responsibility of the implementing partner to assemble and forward all required documentation, following the sequence of the Procurement Plan, Procurement Documentation Tool (GEN 18) and as set out in Chapter 5.1 of this Manual, to the contract holder with the donor.

- The contract holder will quality assure the received files and ensure that all the required documentation is in place.
- If the contract holder receives files with missing documentation this documentation shall be retrieved from the implementing partner organisation.
- The original files received by the contract holder with the donor, shall be returned to the implementing partner or own country office after the audit is completed. This will depend on the organisational structure of the contract holder with the donor and individual agreements with the implementing partner organisation.

6 SUPPLY CONTRACTS

This chapter provides a step by step guide for Procurement Procedures applicable to Supply Contracts according to contract value.

Supply Contracts cover the purchase, operational leasing, rental or hire of various products including the rent of vehicles, equipment, venues and property, with or without an option to buy. The delivery of products may in addition include siting, installation and maintenance.

SUPPLY		
EUR 300 - 9,999	Simple Procedure	See section 6.1
EUR 10,000 -149,999	Negotiated Procedure	See section 6.2
EUR 150,000 - 299,999	Local Open Tender	See section 6.3
Above EUR 300,000	International Open Tender	See section 6.4

Ethical Considerations

The procurement of supplies may involve specific ethical risks related to the production, handling and transport of products which negatively influence employees' labour rights and companies' social and environmental performance. To avoid or prevent ethical risks, it is important to consider which risks are related to the purchase of a specific product from a specific sector. It is recommended to include ethical considerations in the market survey and to conduct a small-scale research on the suppliers' ethical business performance in the sourcing process and further make procurement decisions which seek to avoid or manage the identified ethical risks. Also consider how internal purchasing practices may influence suppliers' ability to meet ethical criteria and standards e.g. short lead times, changes to specifications and negotiating prices. Please ensure always to communicate the ethical principles and standards to potential suppliers either by personal contact or by publishing the COC. For more information on ethical procurement principles and implementation, see section 1.2 and 1.2.1.

6.1 THE SIMPLE PROCEDURE

The Simple Procedure is the simplest Procurement Procedure. This procedure is applicable within the threshold of EUR 300 - 9,999.

For the Simple Procedure it shall be documented that the price of the procured product corresponds with or is lower than the market price while meeting the technical specifications. To establish this, several methods exist. It is possible to collect written quotations or refer to recent contracts from the past 12 months. The advantages of written quotations are many. They evidence what has been offered, thereby reducing misunderstandings and are easy to document. Alternatively, the method can be verbally collected quotations documented in a Note to File or printed prices and specifications from the internet. Regardless of the method chosen, a minimum of three prices must be collected, specifications must be available and documented in the procurement file.

Before the procurement process is initiated, please ensure that all members of the Procurement Committee sign the Declaration of Impartiality and Confidentiality (GEN 2-1). Furthermore, please ensure that the mandatory general Advertisement of Business Opportunities (GEN 8) was published. For more information on the general Advertisement of Business Opportunities, see section 4.11.1.

NOTE: Special procedural and quality assurance requirements exist for the purchase of medicine, medical devices and food. Please see section 4.13.1 Procurement of Medicine, 4.13.2 Procurement of Medical Devices and 4.14 Procurement of Food.

Step Guide:

1

Purchase Request with Technical Specifications



Identify the supplies to be procured from the Procurement Plan and draft the technical specifications.

Procurement starts with the completion and authorization of the Purchase Request Form GEN 1-1. The Purchase Request originates outside the Procurement Department.



The Purchase Request identifies the technical specifications of the supplies, ensures budget availability and requests the procurement responsible staff to procure the supplies. Please also refer to the [Logistics Manual chapter 6 Equipment](#) for more information.

Clear, adequate and well-defined technical specifications are a prerequisite for receiving quotations matching the requirements and the budget. Please refer to section 4.12.1 when drafting the technical specifications. Please observe that special requirements exist for the purchase of medicine in section 4.13.1 and purchase of medical devices in section 4.13.2.

NOTE: If a supplier assists with input to the technical specifications, the supplier is excluded from participating in that procedure.



MANDATORY TEMPLATE
GEN 1-1 Purchase Request Form

2

Collect Quotations



Approach the supplier(s) for a written or non-written quotation, search the internet for the best price and quality or refer to recent Purchase Orders to ensure that the price corresponds with the present market price or lower. Make sure to have at least three prices for comparison and keep the documentation in the procurement file.



It is an advantage to use the Simple Procedure Quotation Form in SUP 1, because it will help prevent misunderstandings, and ensures that all the required information is collected. The written form also provides a reminder to specify quality or ethical criteria in the technical specifications or contract conditions.

If a non-written quotation is collected, the Procurement Committee shall make a written note of the price, supplier name, contact person, description of goods and note the date. This note shall be filed in the procurement file. At this stage, it is also important to communicate the ethical principles and standards to the suppliers.



SUPPORT TEMPLATE
SUP 1: Simple Procedure Quotation Form

3

Evaluate and Select Supplier

Evaluate the quotations and select the supplier offering the best price meeting the technical specifications. For evaluation purposes please use the Evaluation Grid for Simple Procedure (SUP 1-1) or issue a Note to File with justifications for selecting the supplier.

Before issuing the Purchase Order, please verify the selected supplier(s)'s eligibility as per DCA Counter Terrorism Policy, by checking the UN Security Council, EU and donor required sanctions lists.

**SUPPORT TEMPLATE**

SUP 1-1: Evaluation Grid for Simple Procedure

4

Issue Purchase Order

After selecting the best offer a Purchase Order/Contract shall be issued by the Procurement Committee, applying SUP 6. Check if the Purchase Order must be adapted to national legislation, traditions or requirements. Never delete or make alterations to the GTC and incorporate all agreements reached with the selected supplier in the Purchase Order.



The Purchase Order shall be forwarded unsigned to the selected supplier and returned signed to the Contracting Authority. Only thereafter shall the Purchase Order be signed by the Contracting Authority. Signing the Purchase Order creates a legally binding document for both parties.



Before signing the Purchase Order the Procurement Committee shall ensure:

- That adequate and exact reference is made in the Purchase Order to the relevant RFQ (or the supplier's quotation)
- That the supplier acknowledges the GTC and the COC without exceptions or amendments
- For new suppliers, ensure that enough references and company data has been collected

NOTE: If the supplier cannot accept the GTC, the Procurement Committee shall decline that quote and proceed with another supplier.

**MANDATORY TEMPLATE**

SUP 6: Purchase Order

5

Receive and Inspect

Inspect the supplies received to ensure they comply with the Purchase Order and file a proof of receipt of the supplies. The Contracting Authority shall follow up on the timely delivery and satisfactory quality of the received supplies and take remedial measures to mitigate any negative consequences for the beneficiaries, caused by late delivery or shortfall in the agreed quantity and quality. Proceed as described in section 6.5.

**SUPPORT TEMPLATE**

SUP 13: Goods Received Note



DOCUMENTATION IN THE PROCUREMENT FILE

- Declaration of Impartiality and Confidentiality
- Purchase Request
- Simple Procedure Quotation Form/Copy of Procurement Request (optional)
- Proof of minimum 3 prices or quotes
- Evaluation and justification for selection of supplier
- Purchase Order/Contract
- Copy of invoice
- Shipping documents, if relevant
- Proof of receipt of the supplies
- Note to file, if relevant

6.2 THE NEGOTIATED PROCEDURE

The Negotiated Procedure is more formal than the Simple Procedure. This procedure is applicable within the threshold of EUR 10,000 – 149,999. It requires that a minimum of three suppliers are invited simultaneously to submit a quotation based on a written RFQ. The contract shall be awarded to the most compliant supplier. It is mandatory to publish an Award Notice for contracts above EUR 30,000 and letters to all unsuccessful suppliers shall always be submitted.

The Negotiated Procedure is less formal than a Local Open Tender Procedure and gives the opportunity to negotiate the terms of the contract.

Before the procurement process is initiated, please ensure that all members of the Procurement Committee sign the Declaration of Impartiality and Confidentiality (GEN 2-1). Furthermore, please ensure that the mandatory general Advertisement of Business Opportunities (GEN 8) was published. For more information on the general Advertisement of Business Opportunities, see section 4.11.1.

NOTE: Special procedural and quality assurance requirements exist for the purchase of medicine and medical devices. Please see section 4.13.1 Procurement of Medicine, 4.13.2 Procurement of Medical Devices and 4.14 Procurement of Food.

Step Guide:

1

Purchase Request with Technical Specifications



Identify the supplies to be procured from the Procurement Plan and draft the technical specifications.

Procurement starts with the completion and authorization of the Purchase Request Form GEN 1-1. The Purchase Request originates outside the Procurement Department.



The Purchase Request identifies the technical specifications of the supplies, ensures budget availability and requests the procurement responsible staff to procure the supplies. Please also refer to the [Logistics Manual chapter 6 Equipment](#) for more information.

Clear, adequate and well-defined technical specifications are a prerequisite for receiving quotations matching the requirements and the budget. Please refer to section 4.12.1 when drafting the technical specifications. Please observe that special

requirements exist for the purchase of medicine in section 4.13.1 and purchase of medical devices in section 4.13.2.

NOTE: If a supplier assists with input to the technical specifications, the supplier is excluded from participating in that procedure.



MANDATORY TEMPLATE

GEN 1-1: Purchase Request Form

2

Prepare Shortlist



Prepare a short list with a minimum of three suppliers, applying GEN 13. It is recommended to include 4-8 suppliers to ensure that a minimum of three quotations are collected. For information on sourcing suppliers see section 4.11.2.



At this stage it is recommended to collect general information on sector and country specific ethical risks to identify potential risks related to procuring the product(s) in question. Include the information in the sourcing decisions and further in drafting the RFQ. See section 1.2.1 for implementation of the ethical procurement principles.



MANDATORY TEMPLATE

GEN 13: Shortlist of Suppliers/Candidates and Receipt Form

3

Draft Request for Quotation



Carefully prepare the RFQ, applying the template in SUP 2 or SUP 2-1 if Framework Contract, and approach the suppliers for a quote. The RFQ shall be forwarded simultaneously (on the same day) to all the shortlisted suppliers and it is recommended to provide suppliers with a minimum of two weeks to submit a quote. This is to ensure that all suppliers are given enough time and an equal amount of time to prepare and submit their offer. At this stage, it is important to communicate the ethical principles and standards to the suppliers.



When preparing the RFQ consider all the articles and options and decide on:

- Delivery terms incl. Incoterms if required.
- Technical specifications.
- If installation and/or maintenance and/or after sales service and/or spare parts are required.
- Deadline for receipt of quotations. Again, it is recommended to allow a minimum of two weeks depending on the complexity of the requirements.
- Payment terms.
- Evaluation criteria.
- Ethical criteria e.g. sustainability requirements, certifications, CSR policies etc.
- If a Tender Guarantee and/or Performance Guarantee shall be required as recommended for contracts above EUR 50,000. For more information on bank guarantees see section 9.3.



To ensure that enough offers will be received on time it is recommended to contact all shortlisted suppliers 1-2 days after submitting the RFQ to inquire if they intend to submit an offer. When a short deadline is required, it is a particularly good practice to follow

up to explain the importance of completing the Submission Form and submitting the offer prior to the deadline.



MANDATORY TEMPLATE

SUP 2: Request for Quotation

SUP 2-1: Request for Quotation for a Framework Contract

4

Register Quotes and Initiate Evaluation



Upon receipt of the quotations the date and time for receipt are registered in GEN 13 and the Procurement Committee initiates the evaluation, utilising the Evaluation Grid in SUP 4. Suppliers who have not submitted their quotation before the deadline shall not be considered. Make sure all the evaluation criteria, defined in the RFQ are applied to the Evaluation Grid before evaluation starts.



Evaluation Challenges:

- In case all suppliers have offered prices which are above budget and/or the technical specifications need to be changed or adjusted, it is not necessary to issue a new RFQ. Instead the suppliers can be contacted in writing with the amendments and new deadline, and a revised quotation requested.



- If less than three quotations have been received, and if some suppliers have declined to submit a quotation, the Contracting Authority can proceed with the best offer provided once the general procurement principles are met. E.g. it shall be ensured that enough suppliers were shortlisted, that all suppliers have been given enough time to submit a quotation, and that all suppliers have acknowledged the receipt of the RFQ. Should it not be possible to find a minimum of three qualified suppliers in the market, it is important to survey broader e.g. markets in neighbouring districts and countries. Please see section 4.11.2 for how to source new suppliers. Lack of suppliers in the local market is not sufficient grounds for proceeding with less than three quotations.



MANDATORY TEMPLATE:

SUP 4: Evaluation Grid for Negotiated Procedure

GEN 13: Shortlist of Suppliers/Candidates and Receipt Form

5

Negotiate



The Procurement Committee has the option to negotiate the terms of the contract and it is recommended to do so. There are no specific procedures on negotiations except that the general procurement principles shall always be respected, and negotiations shall not entail any substantial deviation from the terms and conditions of the RFQ. The main purpose of negotiation is to obtain better conditions in terms of delivery date, technical quality, price, payment conditions, etc.



Negotiations may however have the purpose of reducing the scope of the supplies or revising other terms of the contract in order to reduce the total price. This may be necessary when the prices proposed exceed the limits of the funds available to the Contracting Authority. In this case, all suppliers involved should be invited to participate in the negotiations and to potentially submit a new offer.

The negotiations can be done by email, phone or at a meeting. A written summary shall be prepared, filed and submitted to the supplier.

When negotiating the terms, consider how requirements on e.g. lead times and price may affect the supplier's ability to comply with the ethical principles and standards.

6

Select Supplier and Issue Purchase Order



Finalize evaluation and select the best and most compliant supplier, i.e. the supplier who is substantially responsive to the RFQ, is technically compliant, and who has offered the best quality and price. This provided further that the Supplier has demonstrated the capability and resources to carry out the Contract effectively.



Before issuing the Purchase Order, please verify the winning supplier's eligibility as per DCA Counter Terrorism Policy, by checking the UN Security Council, EU and donor required sanctions lists.



After selecting the winning supplier, the Procurement Committee issues the Purchase Order applying SUP 6 or SUP 7 if a Framework Contract. Check if the standard Purchase Order must be adapted to national legislation, traditions or requirements. Incorporate all agreements reached with the selected supplier in the Purchase Order and never delete or make alterations to the GTC.



The Purchase Order or Framework Contract shall be forwarded unsigned to the selected supplier and returned signed to the Contracting Authority. Only thereafter shall the document be signed by the Contracting Authority. Signing the Purchase Order or Contract creates a legally binding document for both parties.

Before signing the Purchase Order or Contract and returning the signed copy to the Contractor, the Procurement Committee shall ensure:

- That adequate and exact reference is made in the Purchase Order to the relevant RFQ
- That the supplier acknowledges the GTC and the COC without exceptions or amendments
- For new suppliers, make sure that satisfactory references and company data has been collected

NOTE: If the supplier cannot accept the GTC, the Procurement Committee shall decline that quote and continue the process with another supplier.



MANDATORY TEMPLATE:

SUP 4: Evaluation Grid for Negotiated Procedure

SUP 6: Purchase Order

SUP 7: Framework Contract

7

Send Letter to Unsuccessful Suppliers



Once the selected supplier has returned the Purchase Order duly signed, a letter shall be sent to the unsuccessful suppliers informing them of the result of the procedure i.e. the name of successful supplier and the total contract amount. Apply SUP 8.



MANDATORY TEMPLATE:

SUP 8: Letter to Unsuccessful Suppliers

8

Publish Award Notice

For Purchase Orders with a value above EUR 30.000 it is mandatory to publish an Award Notice applying GEN 17. The Award Notice shall be published in a suitable media where suppliers will notice the information and on the Contracting Authority's website. The purpose of a public announcement is to meet the principle of transparency with the added benefit of attracting new suppliers. Thus, the Award Notice is useful and recommended for all contracts.

For situations where the Procurement Committee finds that posting an Award Notice will bring project staff, beneficiaries, the project or the winning supplier at risk, the Procurement Committee may refrain from posting an Award Notice, see blanket derogation (k). This shall be duly documented.

NOTE: The Procurement Committee shall take notice of any specific donor requirements for publishing an Award Notice.

**MANDATORY TEMPLATE:**

GEN 17: Award Notice (optional below EUR 30,000)

9

Receive and Inspect

Inspect the supplies received to ensure they comply with the Purchase Order and file a proof of receipt of the supplies. The Contracting Authority shall follow up on the timely delivery and satisfactory quality of the received supplies and take remedial measures to mitigate any negative consequences for the beneficiaries, caused by late delivery or shortfall in the agreed quantity and quality. Proceed as described in section 6.5.

**SUPPORT TEMPLATE**

SUP 13: Goods Received Note

**DOCUMENTATION IN THE PROCUREMENT FILE**

- Purchase Request
- Shortlist and Suppliers/Candidates and Receipt Form
- Request for Quotation
- Quotations
- Evaluation Grid for Negotiated Procedure Incl. Declaration
- Purchase Order/Contract
- Letter to Unsuccessful Suppliers
- Copy of invoice
- Shipping Documents, if relevant
- Award Notice (optional below EUR 30,000)
- Proof of receipt of the supplies
- Note to File, if relevant

6.3 THE LOCAL OPEN TENDER PROCEDURE

The Local Open Tender Procedure, from here on named Local Open Tender, is more elaborate than the Negotiated Procedure. It is applicable to higher value purchases of EUR 150,000 – 299,999.

A Local Open Tender requires a public and specified advertisement of a Tender Notice in the country of operation, in newspapers and suitable online procurement media, with a bid flow of at least 21 days. A Local Open Tender shall provide eligible suppliers in the country of operation with equal business opportunities.

The Tender Dossier shall be drafted and forwarded to interested suppliers, who then can submit a tender. After the deadline for receiving tenders, they shall be opened and announced in the optional presence of all interested tenderers. Evaluation of tenders is undertaken by the Procurement Committee based on a clearly predefined evaluation grid and the most compliant tenderer is awarded the contract. A public Award Notice is required and letters to all unsuccessful suppliers shall be submitted.

As the commercial risks for high value purchases are increased, consider the use of prepayment, tender and performance guarantees. For more information on financial guarantees, see section 9.3.

Before the procurement process is initiated, please ensure that all members of the Procurement Committee sign the Declaration of Impartiality and Confidentiality (GEN 2-1). Furthermore, please ensure that the mandatory general Advertisement of Business Opportunities (GEN 8) was published. For more information on the general Advertisement of Business Opportunities, see section 4.11.1.

Step Guide:

1

Purchase Request with Technical Specifications



Identify the supplies to be procured from the Procurement Plan and draft the technical specifications.

Procurement starts with the completion and authorization of the Purchase Request Form GEN 1-1. The Purchase Request originates outside the Procurement Department.



The Purchase Request identifies the technical specifications of the supplies, ensures budget availability and requests the procurement responsible staff to procure the supplies. Please also refer to the [Logistics Manual chapter 6 Equipment](#) for more information.

Clear, adequate and well-defined technical specifications are a prerequisite for receiving quotations matching the requirements and the budget. Please refer to section 4.12.1 when drafting the technical specifications. Please observe, that special requirements exist for the purchase of medicine (section 4.13.1) and medical devices (4.13.2).

NOTE: If a supplier assists with input to the technical specifications, the supplier is excluded from participating in that procedure.



MANDATORY TEMPLATE:

GEN 1-1: Purchase Request Form

2

Draft Tender Dossier

Carefully prepare the Tender Dossier, applying SUP 3. When preparing the Tender Dossier consider all the articles and options and decide on:

Deadline

Decide on the deadline for receipt of tenders. The bid flow shall be a minimum of 21 days.

**Award Criteria**

The Tender Dossier shall stipulate the award criteria for the Contract. The contract shall be awarded to the most compliant tender, i.e. the tenderer who is substantially responsive, technically compliant, and who has offered the best quality and price. The tenderer shall have demonstrated capability and resources to carry out the contract effectively.

**Timetable for Tender Procedure**

Tenderers shall be informed of the planned timetable for the further tender procedure, incl. clarifications, deadline, tender opening date.

**Transport and Storage**

When are the goods required at site? Consider if the timeframe is realistic or if it provides too short lead times for supplier(s). Will the project staff themselves arrange for transport from delivery point to final site, and which Incoterm shall be applied? The choice of transport and the associated environmental risks shall also be considered. Has consideration been given to storage facilities at site? Lack of storage facilities could be solved by requesting partial deliveries in the Tender Dossier. Partial deliveries are also common for products with a short shelf life. It is recommended to draft a distribution schedule as a working tool (GEN 9-3).

Ethical Criteria

It is recommended to collect general information on sector and country specific ethical risks to identify potential risks related to procuring the product in question. Is there a need to include specific ethical criteria in the Tender Dossier such as certifications or specific terms in the contract such as environmental or social performance? See section 1.2.1 for implementation of the ethical procurement principles.

Inspection

Will a pre-shipment inspection be required, or will the goods be inspected upon arrival?

Bank Guarantees

Will a tender or performance guarantee be required, as recommended for contracts above EUR 50,000? Or a prepayment guarantee? For more information on bank guarantees see section 9.3.

**MANDATORY TEMPLATE:**

SUP 3: Tender Dossier

SUPPORT TEMPLATE:

GEN 9-3: Distribution Schedule Sample

3

Publish Tender Notice

Draft the Tender Notice applying GEN 11. The Tender Notice shall as a minimum describe the supplies to be procured including the essential technical specifications, the rules governing the submission and presentation of tenders, the exclusion, selection and award criteria, and where and when the Tender Dossier can be collected.



Interested Tenderers shall be given a minimum of 21 days to submit a tender from the date of publishing the Tender Notice until deadline. The bid flow of 21 days may be longer depending on the nature of the supplies.

The Tender Notice shall be published in the country of operation in suitable medias e.g. newspapers, websites as well as media required by donor. To provide eligible suppliers with equal business opportunities, the Procurement Committee is encouraged to submit the Tender Notice directly to a broad list of suppliers who could be interested in participating in the tender process.

It is in the interest of the Procurement Committee to ensure the widest possible participation in the tender process to obtain the best quality and value for money.

NOTE: The Tender Dossier shall be available on the date of publishing the Tender Notice.



MANDATORY TEMPLATE:
GEN 11: Tender Notice

4

Submit Tender Dossier

Within 1-2 days of the Tender Dossier being requested it shall be submitted to interested suppliers. At this stage it is also important to communicate the ethical principles and standards to the suppliers.

Use GEN 13 to keep a record of the date the Tender Dossier was submitted and to whom. Identify each tenderer by a number.



Should the Contracting Authority require an amendment to the Tender specifications or TOR, please also use GEN 14 to communicate to all tenderers interested in participating in the tender procedure. Tenderers may submit questions and clarifications in writing according to the date specified in the timetable A.4 in the Tender Dossier. Information regarding interpretation of the Tender Dossier shall be requested in writing only. Tenderers are not allowed to approach the Contracting Authority for oral clarification. Clarifications to the Tender Dossier shall be documented in GEN 14 and shared with all tenderers interested in participating in the tender procedure.

Any prospective tenderer seeking to arrange individual meetings during the tender period with either the Contracting Authority and/or any other organisation with which the Contracting Authority is associated or linked to, shall be excluded from the tender procedure.

NOTE: Tenderers shall never pay for costs in relation to the tender process and it is not acceptable procurement practice to sell the Tender Dossiers against a so called tender document fee.

**MANDATORY TEMPLATE:**

GEN 13: Shortlist of Suppliers/Candidates and Receipt Form
 GEN 14: Tender Amendments, Questions and Answers

5

Receive Tenders



For each tender received, the date and time of receipt shall be registered in GEN 13, including name of the person who received the tender. All received tenders shall be kept unopened in a secure place until the tender opening session.

All tenders received after the deadline shall be rejected at the tender opening. If the deadline is 17:00 hrs, then offers received at 17:01 or later shall be rejected.

**MANDATORY TEMPLATE:**

GEN 13: Shortlist of Suppliers/Candidates and Receipt Form

6

Conduct Tender Opening Session



Conduct a tender opening session where all tenderers who have submitted a tender are invited to participate. Tenders shall be opened at the announced time, place and date in the presence of tenderers who choose to attend. The names of the tenderers and prices are read aloud and registered in GEN 15-3, and tenderers who participate are registered in GEN 15-2.

For guidance on how to prepare and conduct the tender opening session please refer to GEN 15-1: Tender Opening Checklist.

**MANDATORY TEMPLATE:**

GEN 15-2: List of Participants
 GEN 15-3: Tender Opening

SUPPORT TEMPLATE:

GEN 15-1: Tender Opening Checklist

7

Ensure Administrative Compliance



After the tender opening the Procurement Committee shall carry out administrative compliance check of the received tenders. Fill in section A of SUP 5: Evaluation Grid for Open Tender. This is a preliminary examination of all tenders and not an evaluation of the actual proposals.

Each tender shall be checked for administrative compliance based on the requirements set out in the Tender Dossier e.g.

- Was the tender received before the deadline?
- Is the required no. of copies supplied?
- Is the Tender Submission Form completed and duly signed?
- Are requirements to origin and nationality respected (if required)?
- Are all the requested documents submitted and properly signed e.g. certification, references, bank guarantees, the Tender Submission Form, etc. The required documents are listed under "instructions to tenderers" in the Tender Dossier.

Tenders which do not comply shall be rejected and the reason for rejection shall be stated in section A of SUP 5.



MANDATORY TEMPLATE:

SUP 5: Evaluation Grid for Open Tender

8

Evaluate and Select Tenderer



After ensuring the administrative compliance, each member of the Procurement Committee shall receive a copy of the compliant tenders for evaluation and analysis. This evaluation shall be done in private and each member shall fill in part B and C of the Evaluation Grid in SUP 5. Tenderers are not allowed to be present. Make sure all the evaluation criteria, defined in the Tender Dossier are applied to the Evaluation Grid before evaluation starts.



After the individual evaluations an evaluation meeting is carried out where the Procurement Committee discusses their individual evaluations, draft a joint Evaluation Grid (SUP 5), rank proposals and select the winning tenderer. The joint Evaluation Grid shall clearly document why the winning proposal was selected and shall be signed by all members of the Procurement Committee. Tenderers cannot attend this meeting.



Before issuing the Contract, please verify the winning supplier's eligibility as per DCA Counter Terrorism Policy, by checking the UN Security Council, EU and donor required sanctions lists.



NOTE: During the evaluation it may be necessary to obtain clarification from a tenderer. Depending on the type of clarification, the tenderer shall be allowed at least 48 hours to respond. Always remember to put a deadline for receipt of the clarification and all communication shall be in writing.

Evaluation Challenges

- If there is a need to amend the technical specifications described in the Tender Dossier, either by reducing or increasing the minimum requirements, the tender process shall be cancelled and a new procedure initiated, starting from step 1. The deadline for submitting tenders can be reduced from 21 to 15 days (or less), depending on the complexity. This emphasises the importance of drafting clear and thorough technical specifications from the outset of the procurement process.
- If all financial offers exceed the budget substantially, the cause for this can either be change in the market price, minimum technical requirements are too high, etc. The reason for the high offers shall be clarified. Proceed as described in the above case scenario if changes to the technical specifications are needed.
- If less than three tenders have been received, the Contracting Authority can proceed with the best tender provided that general procurement principles are met, including proper advertisement. If there is a need to make substantial changes to the contract terms e.g. technical specifications, the tender process shall be cancelled and a new process initiated, starting from step 1. If no tenders are received a new tender procedure shall also be initiated. Please analyse the possible reason for the lack of tenders and implement the findings in the new Tender Notice and the Tender Dossier.



MANDATORY TEMPLATE:

SUP 5: Evaluation Grid for Open Tender

9

Issue Contract and Send Letter of Acceptance

The Procurement Committee sends a Letter of Acceptance to the selected tenderer, applying GEN 16, and issues the contract applying the template in the Tender Dossier (part B of SUP 3). Check if the standard contract must be adapted to national legislation, traditions or requirements. Incorporate all agreements reached with the selected supplier in the contract and never delete or make alterations to the GTC.



The contract shall be forwarded unsigned to the selected tenderer and returned signed to the Contracting Authority. Only thereafter shall the contract be signed by the Contracting Authority. Signing the contract creates a legally binding document for both parties.



Before signing the contract the Procurement Committee shall ensure:

- That adequate and exact references are made in the contract to the tenderer
- That the tenderer acknowledges the GTC and the COC without exceptions or amendments
- For new suppliers, make sure that satisfactory references and company data has been collected

NOTE: If the selected tenderer cannot accept the GTC the Procurement Committee shall decline the bid and continue the process with another tenderer.

**MANDATORY TEMPLATE:**

SUP 3: Tender Dossier (part B: Contract)
GEN 16: Letter of Acceptance

10

Send Letter to Unsuccessful Tenderers

After the contract has been signed, the Procurement Committee shall submit a notification letter to the unsuccessful tenderers notifying them of the result of the tender process. Use the template in SUP 8.

**MANDATORY TEMPLATE:**

SUP 8: Letter to Unsuccessful Suppliers

11

Publish Award Notice

It is mandatory to publish an Award Notice, applying GEN 17. The Award Notice shall be published in a suitable media where suppliers will notice the information and on the Contracting Authority's website. The purpose of a public announcement is to meet the principle of transparency with the added benefit of attracting new suppliers. Thus, the Award Notice is useful and recommended for all contracts.

For situations where the Procurement Committee finds that posting an Award Notice will bring project staff, beneficiaries, the project or the winning contractor at risk, the Procurement Committee may refrain from posting an Award Notice, please see blanket derogation (k). This shall be duly documented.

NOTE: The Procurement Committee shall take notice of any specific donor requirements for publishing an Award Notice.

12



MANDATORY TEMPLATE:
GEN 17: Award Notice

Receive and Inspect



Inspect the supplies received to ensure they comply with the Purchase Order and file a proof of receipt of the supplies. The Contracting Authority shall follow up on the timely delivery and satisfactory quality of the received supplies and take remedial measures to mitigate any negative consequences for the beneficiaries, caused by late delivery or shortfall in the agreed quantity and quality. Proceed as described in section 6.5.



SUPPORT TEMPLATE
SUP 13: Goods Received Note



DOCUMENTATION IN THE PROCUREMENT FILE

- Purchase Request
- Tender Dossier
- Tender Notice
- Shortlist of Suppliers/Candidates and Receipt Form
- Tenders
- Amendments, Questions and Answers
- Tender Opening Minutes (Checklist, List of Participants, Tender Opening)
- Evaluation Grid for Open Tender Incl. Declaration
- Contract and Letter of Acceptance
- Letter to Unsuccessful Suppliers
- Copy of Invoice
- Shipping Documents, if relevant
- Award Notice
- Proof of receipt of the supplies
- Note to File, if relevant

6.4 THE INTERNATIONAL OPEN TENDER PROCEDURE

The International Open Tender Procedure (from here on named International Open Tender) is like the Local Open Tender except for the rules applicable to advertisement of the Tender Notice and the timeframe for the bid flow. International Open Tenders shall always be advertised internationally and the deadline for submitting a tender shall be at least 30 days after the Tender Notice is published. The International Open Tender is applicable for all purchases above EUR 299,999.

As the commercial risk is higher for high value purchases, please consider the use of prepayment, tender and performance guarantees. For more information on financial guarantees, see section 9.3.

Before the procurement process is initiated, please ensure that all members of the Procurement Committee sign the Declaration of Impartiality and Confidentiality (GEN 2-1). Furthermore, please ensure that the mandatory general Advertisement of Business Opportunities (GEN 8) was published. For more information on the general Advertisement of Business Opportunities, see section 4.11.1.

Step Guide:

1-2

Purchase Request with Technical Specifications and Tender Dossier

Follow step 1-2 in the Local Open Tender Procedure in section 6.3:

- Raise a Purchase Request
- Draft technical specifications
- Draft Tender Dossier

Publish Tender Notice Internationally



The Tender Notice shall be published in relevant regional and international medias and shall as a minimum describe the supplies to be procured including the essential technical specifications, the rules governing the submission and presentation of tenders, the exclusion, selection and award criteria, and where and when the Tender Dossier can be collected.



Interested Tenderers shall be given a minimum of 30 days to submit a tender from the date of publishing the Tender Notice. The bid flow of 30 days may be longer depending on the nature of the supplies. Tenderers may submit a bid from the day of publishing the Tender Notice until the deadline.



The Tender Notice shall be published in suitable procurement media e.g. newspapers, websites and media required by donor in the country of operation and internationally. Examples of websites for Tender Notice publication are [Relief Web](#), [UN Development Business](#), [dgMarket tenders worldwide](#) or [Ted tenders electronic dailyted.europa.eu](#)



It is in the interest of the Procurement Committee to ensure the widest possible participation in the tender to obtain the best quality and value for money.

NOTE: The Tender Dossier shall be available on the date of publishing the Tender Notice.



MANDATORY TEMPLATE:
GEN 11: Tender Notice

From Submitting Tender Dossier to Receipt

Follow step 4-12 in the Local Open tender Procedure in section 6.3:

- Submit Tender Dossier
- Receive Tenders
- Conduct tender opening sessions
- Ensure administrative compliance
- Evaluate and select tenderer
- Issue contract and send Letter of Acceptance
- Send Letter to Unsuccessful Tenderers
- Publish Award Notice
- Receive and Inspect



DOCUMENTATION IN THE PROCUREMENT FILE

- Purchase Request
- Tender Dossier
- Tender Notice
- Shortlist of Suppliers/Candidates and Receipt Form

- Tenders
- Amendments, Questions and Answers
- Tender Opening Minutes (Checklist, List of Participants, Tender Opening)
- Evaluation Grid for Open Tender
- Contract and Letter of Acceptance
- Letter to Unsuccessful Suppliers
- Copy of Invoice
- Shipping Documents, if relevant
- Award Notice
- Proof of receipt of the supplies
- Note to File, if relevant

6.5 RECEIVING SUPPLIES

The Contracting Authority shall follow up on the timely delivery and satisfactory quality of the received supplies and take remedial measures to mitigate any negative consequences for the beneficiaries caused by late delivery or shortfall in the agreed quantity and quality. When receiving the supplies, follow the three steps:

Step 1: Forwarders receipt

Upon receipt of supplies, check that the packages are not wet or damaged. Sign and file a receipt of goods/delivery note in the Procurement File. If the packing is wet, damaged or bent, it is extremely important to make a note on the receipt or delivery note. Write e.g. "received damaged" or "shortage".

Step 2: Unpacking and inspection

Unpack goods within 48 hours of receipt of supplies. At the final destination the Procurement Committee shall inspect that the supplies are in acceptable condition. If the Procurement Committee lacks the expertise to make an inspection, a Technical Advisor shall be consulted for assistance. Payment shall only be authorised to the supplier after inspection is completed and supplies found to be in order.

Step 3: Damaged goods

In case of damaged supplies or shortage, a claim shall be made to the forwarder and the insurance company within five days. For insured goods, it is important that the damage report is forwarded to the Procurement and Logistics Unit immediately. This report shall include a copy of the signed receipt or delivery note (as in step 1), pictures of the damaged supplies, where it was inspected and by whom, where the damaged supplies are now stored and a short description of the damage or shortage. The insurance company may send a representative to inspect the damage.

6.6 INCOTERMS 2020

Incoterms are internationally recognised trade clauses most commonly used for international sales and transport contracts published by the [International Chamber of Commerce \(ICC\)](#). The standard clauses can be adopted as the legal regulation for delivery of supplies and distribution of cost and risks between the seller and the Contracting Authority in the Purchase Order or Contract.

The below table is meant to give a broad overview of the various Incoterms. For each Incoterm, it is important to specify the port or other named delivery destination as precisely as possible.

NOTE: If Incoterms are unspecified in a Purchase Order or Contract, it is the EX Works (EXW) which applies, placing minimum risk and obligations on the seller and maximum on the buyer, the Contracting Authority.

RULES FOR ANY MODE(S) OF TRANSPORT

Incoterm (2020)	Delivery and risk
Blue indicates seller's	Gold indicates buyer's Green indicates mixed or shared

EXW

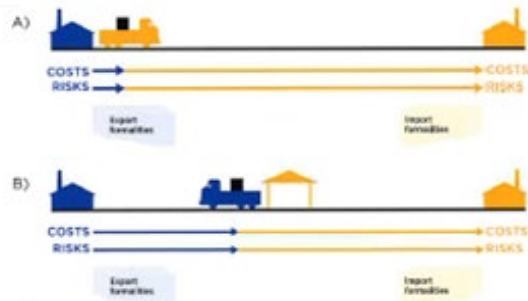
Ex Works
(Insert named place of delivery)
Incoterms® 2020



“Ex Works” means that the seller delivers the goods to the buyer when it places the goods at the disposal of the buyer at a named place (like a factory or warehouse), and that named place may or may not be the seller's premises. For delivery to occur, the seller does not need to load the goods on any collecting vehicle, nor does it need to clear the goods for export, where such clearance is applicable.

FCA

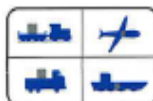
Free Carrier
(Insert named place of delivery)
Incoterms® 2020



“Free Carrier (named place)” means that the seller delivers the goods to the buyer in one or other of two ways. First A) when the named place is the seller's premises, the goods are delivered when they are loaded on the means of transport arranged by the buyer. Second B) when the named place is another place, the goods are delivered when, having been loaded on the seller's means of transport, they reach the named other place and are ready for unloading from that seller's means of transport and at the disposal of the carrier or of another person nominated by the buyer. Whichever of the two is chosen as the place of delivery, that place identifies where risk transfers to the buyer and the time from which costs are for the buyer's account.

CPT

Carriage Paid To
(Insert named place of destination)
Incoterms® 2020



“Carriage Paid To” means that the seller delivers the goods – and transfers the risk – to the buyer by handing them over to the carrier contracted by the seller or by procuring the goods so delivered. The seller may do so by giving the carrier physical possession of the goods in the manner and at the place appropriate

to the means of transport used. Once the goods have been delivered to the buyer in this way, the seller does not guarantee that the goods will reach the place of destination in sound condition, in the stated quantity or indeed at all. This is because risk transfers from seller to buyer when the goods are delivered to the buyer by handing them over to the carrier; the seller must nonetheless contract for the carriage of the goods from delivery to the agreed destination.



“Carriage and Insurance Paid To” means that the seller delivers the goods – and transfers risk – to the buyer by handing them over to the carrier contracted by the seller or by procuring the goods so delivered. The seller may do so by giving the carrier physical possession of the goods in the manner and at the place appropriate to the means of transport used. Once the goods have been delivered to the buyer in this way, the seller does not guarantee that the goods will reach the place of destination in sound condition, in the stated quantity or indeed at all. This is because risk transfers from seller to buyer when the goods are delivered to the buyer by handing them over to the carrier; the seller must nonetheless contract for the carriage of the goods from delivery to the agreed destination.



“Delivered at Place” means that the seller delivers the goods – and transfers risk – to the buyer when the goods are placed at the disposal of the buyer on the arriving means of transport ready for unloading at the named place of destination or at the agreed point within that place, if any such point is agreed. The seller bears all risks involved in bringing the goods to the named place of destination or to the agreed point within that place. In this Incoterms® rule, therefore, delivery and arrival at destination are the same.



“Delivered at Place Unloaded” means that the seller delivers the goods – and transfers risk – to the buyer when the goods, once unloaded from the arriving means of transport, are placed at the disposal of the buyer at a named place of destination or at the agreed point within that place, if any such point is agreed. The seller bears all risks involved in bringing the goods to and unloading them at the named place of destination. In this Incoterms® rule, therefore, the delivery and arrival at destination are the same. DPU is the only Incoterms® rule that requires the seller to unload goods at destination. The seller should therefore ensure that it is in a position to organise unloading at the named place. Should the parties intend the seller not to bear the risk and cost of unloading, the DPU rule should be avoided and DAP should be used instead.



“Delivered Duty Paid” means that the seller delivers the goods to the buyer when the goods are placed at the disposal of the buyer, cleared for import, on the arriving means of transport, ready for unloading, at

the named place of destination or at the agreed point within that place, if any such point is agreed. The seller bears all risks involved in bringing the goods to the named place of destination or to the agreed point within that place. In this Incoterms® rule, therefore, the delivery and arrival at destination are the same.

RULES FOR SEA AND INLAND WATERWAY TRANSPORT

Incoterm (2010)

Delivery and risk

Blue indicates seller's

Gold indicates buyer's

Green indicates mixed or shared

FAS

Free Alongside Ship
(Insert named port of shipment)
Incoterms® 2020



“Free Alongside Ship” means that the seller delivers the goods to the buyer when the goods are placed alongside the ship (e.g. on a quay or a barge) nominated by the buyer at the named port of shipment or when the seller procures goods already so delivered. The risk of loss of or damage to the goods transfers when the goods are alongside the ship, and the buyer bears all costs from that moment onwards.

FOB

Free on Board
(Insert named port of shipment)
Incoterms® 2020



“Free on Board” means that the seller delivers the goods to the buyer on board the vessel nominated by the buyer at the named port of shipment or procures the goods already so delivered. The risk of loss of or damage to the goods transfers when the goods are on board the vessel, and the buyer bears all costs from that moment onwards.

CFR

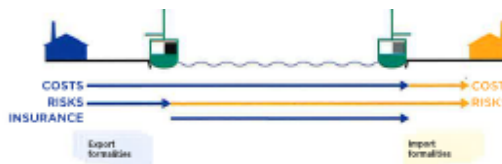
Cost and Freight
(Insert named port of destination)
Incoterms® 2020



“Cost and Freight” means that the seller delivers the goods to the buyer on board the vessel or procures the goods already so delivered. The risk of loss of or damage to the goods transfers when the goods are on board the vessel, such as the seller is taken to have performed its obligation to deliver the goods whether or not the goods actually arrive at their destination in sound condition, in the stated quantity or, indeed, at all. In CFR, the seller owes no obligation to the buyer to purchase insurance cover: the buyer would be well-advised therefore to purchase some cover for itself.

CIF

Cost, Insurance and Freight
(Insert named port of destination)
Incoterms® 2020



“Cost Insurance and Freight” means that the seller delivers the goods to the buyer on board the vessel or procures the goods already so delivered. The risk of loss of or damage to the goods transfers when the goods are on board the vessel, such that the seller is taken to have performed its obligation to deliver the goods whether or not the goods actually arrive at their destination in sound condition, in the stated quantity or, indeed, at all.

6.7 LEGAL ASPECTS – WARRANTY OBLIGATIONS

The GTC for Supply establishes the seller's warranty obligations. They are more comprehensive than what a seller is generally including in his/her own general terms and conditions, and they could be contrary to the customs of the country. If it is foreseen that this could be a hindrance to collection of offers, consider limiting these provisions in the Purchase Order or Contract (e.g. in common law systems "Incidental damages" are excluded from seller's liability). The duration of the warranty period (one year according to the GTC) can be increased, for example, if required by the applicable law which provides for a longer period.

Besides these warranty obligations, which are contractual, the seller is generally subject to legal "product liability" (for hidden defects) in the countries where the products are sold. This product liability is governed by mandatory provisions, generally protecting the consumer or third party and is therefore not considered in the GTC.

7 SERVICE CONTRACTS

This chapter provides a step by step guide for Procurement Procedures applicable to Service Contracts according to contract value.

A Service Contract covers all intellectual and non-intellectual services other than those covered by Supply Contracts, Works Contracts and Property Contracts. Some examples of service contracts are:

- A Study Contract with the identification and preparation of projects, feasibility studies, technical studies and audits.
- A Technical Assistance Contract where the contractor is called on to play an advisory role or to manage or supervise a project.
- Freight Contracts covering transport of goods from one site to another, unless the freight is included in the Supply Contract.
- A Rental Contract for a vehicle with a driver. Rental of a vehicle without driver is considered a Supply Contract as is rental of equipment and venues.

Service contracts involving the processing of personal data of data subjects residing in the EU shall meet the EU General Data Protection Regulation (GDPR). The Contracting Authority is obliged to enter into a Data Processing Agreement with the data processor (Candidate) who processes personal data on behalf of the Contracting Authority irrespective of the location of the data processor. It is important that the Contracting Authority continuously checks whether the data processor complies with the requirements of the regulation, puts in place security measures to take care of the registrations of the data subject, and imposes the same requirements on subcontractors processing personal data on behalf of the data processor.

NOTE: A Service Contract and an Employment Contract are two different contracts. An Employment Contract involves recruitment, fixed salary, regulations on leave, resignation restrictions, etc. These obligations are for the Contracting Authority as an employer rather than as a party to a contract for the provision of a defined service. Employment Contracts are not covered by this Manual and are not considered procurement. See more details in section 7.5.

SERVICES		
EUR 300 - 9,999	Simple Procedure	See section 7.1
EUR 10,000 - 149,999	Negotiated Procedure	See section 7.2
EUR 150,000 - 299,999	Local Open Tender	See section 7.3
Above EUR 300,000	International Open Tender	See section 7.4

The use of Service Procedure with Open Budget

Due to the principle of competition, the Procurement Manual does not generally allow the procurement budget to be shared with candidates. However, under the below specific circumstances the manual makes an exception, as it is advantageous to the outcome of the procurement procedure, that the Contracting Authority informs the candidates of the total budget available. This procedure is called 'Open Budget' and is an option for Simple, Negotiated and Open Tender Service Procedures, only.

The Open Budget should be carefully set to ideally exclude those candidates whose bids are excessive, but not discourage those candidates whose quality would offer good value for money.

The candidates compete on price and quality and the Contracting Authority will as always ask the candidates to provide their best technical and financial offer. However, with the candidates' knowledge of the budget, a likely consequence may be that the financial offers will be similar and close to the Open Budget, thus resulting in a situation where the candidates in effect are competing on quality alone and therefore predominantly on the technical aspect of the proposals.

The Contracting Authority will award the Contract to the candidate with the highest ranked score based on a set of carefully pre-defined criteria as well as technical and financial weights. Consequently, a Service Procedure with Open Budget follows the usual Step Guides for the Simple, Negotiated and Open Tender Procurement Procedures as outlined below, with the only difference that the budget is open to the candidates.

The procedure is undertaken by disclosing the available budget in the TOR in the Request for Proposal. A Service Procedure with Open Budget is reserved for procurement of services e. g. communications, design and consultancies under the following circumstances:

- **Multiple solutions and scope adjustments accepted.** Where the Contracting Authority finds it unsuitable to determine a single solution and is willing to adjust its requirements to the services offered. This is typically for assignments that can be carried out in substantially different ways, where proposals will not be comparable or offers are at risk to exceed the budget. Examples are services for management advice or studies, where the value of the services depends on the quality of the analysis, a design assignment, or an IT solution (e.g. a new intranet or a new server set-up or a new office set-up) where the Contracting Authority would like to receive proposals for different solutions, and to receive relevant proposals within the available budget it is useful to inform of the financial framework.
- **Limited market knowledge.** Where the Contracting Authority has limited knowledge in the field of expertise or where it may prove difficult for the Contracting Authority to describe what the service should entail. Consequently, a market survey is difficult to conduct, and the Contracting Authority is in doubt as to what the market has to offer. An example could be where an advertising agency's input is essential to the Contracting Authority's proposal content and solution description, and to be able to design something relevant and adequate, the advertising agency must know the value of the proposal component.
- **Complex or innovative requirement.** Where the Contracting Authority has a complex or highly specialized assignment for which it is difficult to define a precise TOR, and for which the Contracting Authority expects the consultants to demonstrate innovation in their proposals. Knowing the financial framework allows the candidates a better opportunity to offer a creative and distinctive solution that may prove superior to the solution that the Contracting Authority could sketch.
- **High value contracts.** Where the contract value is substantial (above EUR 50,000), the economy is very important, and the budget is non-negotiable.

Ethical Considerations

The procurement of services may involve specific ethical risks which are related to employees' labour rights and companies' social and environmental responsibilities. In order to avoid or prevent ethical risks, it is important to consider which risks are related to the purchase of a service in a given context. It is recommended to include ethical considerations in the market survey and to conduct a small-scale research on the candidates' ethical business performance in the sourcing process and further make procurement decisions which seek to avoid or manage the identified ethical risks. Also consider how internal procurement practices may influence contractors' ability to meet ethical requirements and standards e.g. short lead times, changes to TOR and negotiating prices. Please ensure always to communicate the ethical principles and standards to potential candidates either by personal contact or by publishing the COC nationally. For more information on ethical procurement principles and implementation, see section 1.2 and 1.2.1.

The use of the Standard Templates for Service Contracts

In SER 2, SER 2-1, SER 2-2 you will find the standard templates for Service Contracts including templates for Framework and Open Budget procedures. The templates are to be used for entering Service Contracts with consultants, procurement agents, inspection agents, auditors, universities, research institutions, NGOs and individuals for the carrying out of a wide range of activities such as policy advice; organisational development; studies, appraisals and evaluations; audits; management; procurement services; social and environmental studies as well as identification, preparation and implementation of projects.

In the context of a construction project (Works), the Service Templates will also be used for contracts with engineering firms and construction managers, for provision of engineering services, construction supervision and administration and monitoring of Works Contracts. In these cases the specific contract included in SER 1 shall be used because of the specificity of the engineering services required, and the necessary link to the Works Contract.

Note that the templates (SER 1, SER 2, SER 2-1 and SER 2-2) are not appropriate for other kinds of services, which do not involve the provision of "intellectual" services. This could be contracts for transport, financial services, cleaning services, etc. Should the standard templates for Service Contracts not fulfil your needs, in some cases the standard templates for Supplies can be used or please contact the ProLog Unit for advice.



Learn how to use and fill in the SER 2 in the e-training number 6: [Guide to SER 2: Request for Proposal](#).

7.1 THE SIMPLE PROCEDURE

The Simple Procedure is the simplest Procurement Procedure. This procedure is applicable within the threshold of EUR 300 - 9,999.

For the Simple Procedure it shall be documented that the price of the procured service corresponds with or is lower than the market price while meeting the TOR. To establish this, several methods exist. It is possible to collect written proposals or refer to recent contracts from the past 12 months. The advantages of written proposals are many. They evidence what has been offered, thereby reducing misunderstandings and are easy to document. Alternatively, the method can be verbally collected proposals documented in a Note to File. Regardless of the method chosen, a minimum of three prices must be collected, TOR must be available and documented in the procurement file.

Before the procurement process is initiated, please ensure that all members of the Procurement Committee sign the Declaration of Impartiality and Confidentiality (GEN 2-1). Furthermore, please ensure that the mandatory general Advertisement of Business Opportunities (GEN 8) was published. For more information on the general Advertisement of Business Opportunities, see section 4.11.1.

Step Guide:

1

Purchase Request with Terms of Reference



Identify the service(s) to be procured from the Procurement Plan and draft the TOR using SER 2-3: Terms of Reference.

Procurement starts with the completion and authorization of the Purchase Request Form GEN 1-1. The Purchase Request originates outside the Procurement Department and programme staff are usually in charge of drafting the TOR.



The Purchase Request identifies the TOR of the services, ensures sufficient budget and requests the procurement responsible staff to procure the services.

Clear, adequate and well-defined TOR is a prerequisite for receiving proposals matching the requirements and the budget. Please refer to section 4.12.2 when drafting the TOR.

Establish if the content of the TOR qualifies for the use of Open Budget and decide if the procedure will use Open Budget.

NOTE: If a candidate assists with input to the technical specifications, the candidate is excluded from participating in that procedure.



MANDATORY TEMPLATE

GEN 1-1: Purchase Request Form

SUPPORT TEMPLATE

SER 2-3: Terms of Reference



Learn more about drafting TORs in e-training number 6. [Guide to SER 2: Request for Proposal](#)

2

Collect Proposals



Approach the candidate(s) for a written or non-written proposal, search the internet for the best price and quality or refer to recent contracts to ensure that the price corresponds with the present market price or lower. Make sure to have at least three prices or proposals for comparison and file the collected prices or proposals in the procurement file.



Although optional, it is recommended to use a written RFP, applying SER 2. The use of the RFP prevents misunderstandings and ensures that all the required information is collected. The written form is also a reminder to specify ethical criteria in the TOR or contract conditions.



If a non-written proposal is collected the Procurement Committee shall make a written note of the price, name of candidate, description of service and note the date. This note shall be filed in the procurement file. At this stage, it is also important to communicate the ethical principles and standards to the candidates.



SUPPORT TEMPLATE

SER 2: Request for Proposal

SER 2-1: Request for Proposal for Framework Contract

SER 2-2: Request for Proposal for Open Budget



Knowledge on how to use and fill in the template is found in e-training number 6. [Guide to SER 2: Request for Proposal](#)

3

Evaluate and Select Candidate

Evaluate the proposals and select the candidate offering the best price meeting the TORs. Issue a Note to File with a justification for the selection of the candidate. As an



alternative to a Note to File, for evaluation purposes it may be useful to apply the SER 3 Evaluation Grid for Negotiated Procedure.

Before issuing the Contract, please verify the selected candidate(s)'s eligibility as per DCA Counter Terrorism Policy, by checking the UN Security Council, EU and donor required sanctions lists.



SUPPORT TEMPLATE

SER 3: Evaluation Grid for Negotiated Procedure

4

Issue Contract



After selecting the best proposal, the contract shall be issued by the Procurement Committee applying SER 4. Check if the contract must be adapted to existing legislation, traditions or requirements, as appropriate and incorporate in the contract all agreements reached with the selected candidate. Please do not delete or make alteration to the GTC.



The Contract shall be forwarded unsigned to the selected candidate and returned signed to the Contracting Authority. Only thereafter shall the contract be signed by the Contracting Authority. Signing the contract creates a legally binding document for both parties.



Before signing the contract the Procurement Committee shall ensure:

- That adequate and exact reference is made in the contract to the relevant RFP or proposal
- That the contractor acknowledges the GTC and the COC without exceptions or amendments
- For new contractors, make sure that sufficient references and company data have been collected

If the contractor cannot accept the GTC, the Procurement Committee shall decline that proposal and continue the process with another candidate.



MANDATORY TEMPLATE

SER 4: Contract

SER 4-1: Framework Contract

5

Receive and Inspect



Ensure that the services completed, inspected and received comply with the contract. Issue a Completion Certificate or file other relevant documentation as proof of receipt of the services e.g. a report or adapt SUP 13 to the needs. The Contracting Authority shall follow up on the timely delivery and satisfactory quality of the received services.



SUPPORT TEMPLATE

SUP 13: Goods Received Note



DOCUMENTATION IN THE PROCUREMENT FILE

- Declaration of Impartiality and Confidentiality
- Purchase Request
- Terms of Reference

- Proof of minimum 3 prices/proposals
- Evaluation and justification for selection of supplier
- Contract
- Copy of invoice
- Proof of receipt of the service(s)
- Note to File, if relevant

7.2 THE NEGOTIATED PROCEDURE

The Negotiated Procedure is more formal than the Simple Procedure. This procedure is applicable within the threshold of EUR 10,000 – 149,999 and requires that a minimum of three candidates are invited simultaneously to submit a proposal based on a RFP. The contract shall be awarded to the most compliant candidate. It is mandatory to publish an Award Notice for contracts above EUR 30,000 and Letters to all unsuccessful candidates shall always be submitted. The Negotiated Procedure is less formal than a Local Open Tender and gives the opportunity to negotiate the terms of the contract.

Before the procurement process is initiated, please ensure that all members of the Procurement Committee sign the Declaration of Impartiality and Confidentiality (GEN 2-1). Furthermore, please ensure that the mandatory general Advertisement of Business Opportunities (GEN 8) was published. For more information on the general Advertisement of Business Opportunities, see section 4.11.1.

Step Guide:

1

Purchase Request with Terms of Reference



Identify the service(s) to be procured from the Procurement Plan and draft the TOR using SER 2-3: Terms of Reference.



Procurement starts with the completion and authorization of the Purchase Request Form GEN 1-1. The Purchase Request originates outside the Procurement Department and programme staff are usually in charge of drafting the TOR.

The Purchase Request identifies the TOR of the services, ensures sufficient budget and requests the procurement responsible staff to procure the services.

Clear, adequate and well-defined TOR is a prerequisite for receiving proposals matching the requirements and the budget. Please refer to section 4.12.2 when drafting the TOR.

Establish if the content of the TOR qualifies for the use of Open Budget and decide if the procedure will use Open Budget.

NOTE: If a candidate assists with input to the technical specifications, the candidate is excluded from participating in that procedure.



MANDATORY TEMPLATE

GEN 1-1: Purchase Request Form

SUPPORT TEMPLATE

SER 2-3: Terms of Reference



Learn more about drafting TORs in e-training number 6. [Guide to SER 2: Request for Proposal](#)

2

Prepare Shortlist



Prepare a shortlist with a minimum of three candidates applying GEN 13. It is recommended to include 4-8 candidates to ensure that a minimum of three proposals are collected. For more information on sourcing candidates see section 4.11.2.



At this stage it is recommended to collect general information on sector and country specific ethical risks to identify potential risks related to procuring the service in question. Include the information in the sourcing decisions and further in drafting the RFP. See section 1.2.1 for implementation of the ethical procurement principles.



MANDATORY TEMPLATE

GEN 13: Shortlist of Suppliers/Candidates and Receipt Form

3

Draft Request for Proposal



Carefully prepare the RFP applying the template in SER 2, SER 2-1 or SER 2-2 and approach the candidates for a proposal. The RFP shall be forwarded simultaneously (on the same day) to all the shortlisted candidates. This is to ensure that all candidates are given an equal amount of time to prepare and submit their proposal.



When preparing the RFP consider all the articles and options and decide on:

Deadline

Decide on the deadline for receipt of proposals. It is recommended to allow the bid flow to be a minimum of two weeks.



Open Budget

Establish if the content of the TOR qualifies for the use of Open Budget and decide if the procedure will use Open Budget. If yes, please use SER 2-2 Request for Proposal for Open Budget.



Type of Remuneration

The Service Contract may be a 'global price' contract, a 'fee-based' contract or a mix of the two. One of the three options must be chosen in article A.6 Financial Proposal of the RFP and in article B.5 Remuneration of the Draft Contract.



For the global price the Contracting Authority pays the candidate according to the delivery of certain output(s), e.g. reports, workshops, etc. The global price includes all costs and is a total price. A major advantage of the global price contract is the simplicity of its administration. The Contracting Authority having only to be satisfied with the outputs without monitoring the staff inputs or the reimbursable expenses. Studies are usually carried out on a global price basis e.g. surveys, master plans, simple feasibility and engineering studies.

In fee-based contracts remuneration is based on (i) agreed unit rates for the candidate's staff multiplied by the actual time spent by the staff in executing the assignment, and (ii) reimbursable expenses using actual expenses or agreed unit prices. This type of contract is heavy on administration and requires the Contracting Authority to closely supervise and monitor the Contractor. 'Fee-based' contracts are used for assignments for which remuneration is being determined based on the time spent by the Contractor in carrying out the services. Such contracts are recommended

when the scope of the services cannot be established with enough precision, or the duration and quantity of services depend on variables that are beyond the control of the contractor.

Evaluation Criteria

Article A.11 of the RFP instructs the candidates of the technical and financial criteria, which the Procurement Committee will use for the evaluation of the proposals. Furthermore, it informs the candidates of the weights assigned to the technical and financial scores. Finally, the article details how the Procurement Committee will weigh the various technical criteria.

For the technical evaluation criteria, defined in the table in article A.11, it is important to note that these are suggested criteria and it is the responsibility of the Procurement Committee to modify these to match the requirements of the contract in question. To assist the evaluation process, please define unambiguous and measurable evaluation criteria. The technical score is the sum of the points each candidate has obtained for each technical criterion. The Contracting Authority has the right to discard technical offers scoring below a certain number of points. This is to safeguard the procedure against low quality offers.

Examples of technical evaluation criteria could be; the candidate's experience in the field of assignment, the candidates' general academic qualifications and specific experience in the region/country of the assignment, the adequacy of the proposed methodology and the work plan in responding to the TOR, the candidate's availability and the required time to perform the services, CSR related policies and certifications, etc.

The financial evaluation criteria are predefined in article A.11 as the formula $S_f = 100 \times F_m/F$ (S_f is the financial score of a proposal; F_m is the lowest price; and F is the price of the proposal under evaluation). This formula cannot be changed. During the evaluation in Step 4, the Procurement Committee applies this formula to calculate a financial score for each proposal received. Please note that the overall score links directly to the award criteria in article A.12 of the RFP.

Donor Requirements

Please take note of specific donor requirements such as requirements to origin and nationality, exclusivity clauses, publication rights, visibility, right to audit, exclusion and eligibility clauses, preference criteria, etc., which might require amendment of the RFP.



Ethical Criteria

It is recommended to collect general information on sector and country specific ethical risks to identify potential risks related to procuring the service in question. Is there a need to include specific criteria to ethical procurement issues in the RFP such as certifications (or equivalent proof of compliance to ethical criteria) or the inclusion of specific terms related to e.g. environmental or social performance?

Bank Guarantees

Will a prepayment guarantee, or a performance guarantee be required? For more information on bank guarantees, see section 9.3. The standard RFP does not contain provisions in respect of such guarantees since it is uncommon that they are required for Service Contracts. However, it may be relevant to require in the case of a high value contract.

Follow Up

To ensure that enough offers will be received on time it is recommended to contact all shortlisted candidates 1-2 days after submitting the RFP to ask if they intend to submit a proposal. When a short deadline is required, it is a good practice to follow up to explain the importance of completing the Submission Form and submitting the offer prior to the deadline.



MANDATORY TEMPLATE

SER 2: Request for Proposal

SER 2-1: Request for Proposal for Framework Services

SER 2-2: Request for Proposal for Open Budget



Learn more about drafting TORs in e-training number 6. [Guide to SER 2: Request for Proposal](#)

4

Register Proposals and Initiate Evaluation



Upon receipt of the proposals register the date and time of receipt in GEN 13. The Procurement Committee initiates the evaluation, utilising the Evaluation Grid in SER 3. Make sure all the evaluation criteria, defined in the RFP, are applied to the Evaluation Grid before evaluation starts.



Proposals shall be ranked according to their combined technical and financial scores using the weighting of the technical proposal and the financial proposal predefined in the RFP send to the candidates.



Please note that candidates who have not submitted their proposals before the deadline shall not be considered.

Evaluation Challenges

In case all candidates have offered prices above the budget or the TOR needs to be changed or adjusted, it is not necessary to issue a new RFP. Instead the candidates can be contacted in writing with the amendments, the new deadline and a revised quotation requested.

If less than three proposals have been received, and if some candidates have declined to submit a proposal, the Contracting Authority can proceed with the best offer provided that the general procurement principles are met. E.g. it shall be ensured that enough candidates were shortlisted, that all candidates have been given enough time to submit a proposal, and that all candidates have acknowledged receipt of the RFP. If it is not possible to find a minimum of three qualified candidates in the market, it is important to survey broader e.g. markets in neighbouring districts and countries. Please see section 4.11.2 for how to source new candidates. Lack of candidates in the local market is not sufficient grounds for proceeding with less than three proposals.



MANDATORY TEMPLATE

SER 3: Evaluation Grid for Negotiated Procedure

GEN 13: Shortlist of Suppliers/Candidates and Receipt Form

5

Interview and Negotiation

Interview

The candidates who are deemed Administratively Compliant in Part A of the Evaluation Grid, can be invited for an interview. This is not a requirement, but it is recommended.



After the interviews the Procurement Committee has the possibility to change the scores in the Evaluation Grid. There is a separate column in the Evaluation Grid for this purpose.



An interview can also facilitate a discussion on identified ethical risks in order to find possible solutions or determine if the proposal shall be turned down for ethical reasons.

Negotiation

The Procurement Committee has the option to negotiate the terms of the contract, and it is recommended to do so. There are no specific procedures on negotiations except that the general procurement principles shall always be respected and negotiations shall not entail any substantial deviation from the terms and conditions of the RFP. The main purpose of negotiation is to obtain better conditions in terms of technical quality, implementation period, price, payment conditions etc.

Negotiations may however have the purpose of reducing the scope of the services or revising other terms of the contract in order to reduce the proposed remuneration. This may be necessary when the prices proposed exceed the limits of the funds available to the Contracting Authority. In this case, all candidates involved should be invited to participate in the negotiations and to potentially submit a new proposal.

The negotiations can be done by email, phone or at a meeting. A written summary shall be prepared, filed and submitted to the candidate.

When negotiating the terms, consider how requirements on e.g. delivery times and price may affect the candidates' ability to comply with the ethical principles and standards.



MANDATORY TEMPLATE

SER 3: Evaluation Grid for Negotiated Procedure

6

Select Candidate and Issue Contract



Finalize evaluation and select the best and most compliant candidate whose proposal has been determined to be substantially responsive to the requirements of the RFP and has obtained the highest overall score. This provided further that the candidate has also been determined to fulfil the eligibility and non-exclusion criteria including the selected candidate(s)'s eligibility as per DCA Counter Terrorism Policy, by checking the UN Security Council, EU and donor required sanctions lists.



After selecting the winning candidate, the Procurement Committee issues the contract applying SER 4. Check if the standard contract must be adapted to national legislation, traditions or requirements. Incorporate all agreements reached with the selected candidate in the contract and never delete or make alterations to the GTC.



The contract shall be forwarded unsigned to the selected candidate and returned signed to the Contracting Authority. Only thereafter shall the contract be signed by the Contracting Authority. Signing the contract creates a legally binding document for both parties.



Before signing the contract the Procurement Committee shall ensure:

- That adequate and exact reference is made in the Contract to the relevant RFP

- That the candidate acknowledges the GTC and the COC without exceptions or amendments
- For new contractors, make sure that satisfactory references and company data have been collected

NOTE: If the selected candidate cannot accept the GTC, the Procurement Committee shall decline the proposal and continue the process with another candidate.



MANDATORY TEMPLATE

SER 3: Evaluation Grid for Negotiated Procedure

SER 4: Contract

SER 4-1: Framework Contract

7

Send Letter to Unsuccessful Candidates



Once the selected contractor has returned the contract duly signed, a letter shall be sent to the unsuccessful candidates informing them of the result of the procedure i.e. the name of successful contractor, the total contract amount and the scores as per the Evaluation Grid. Apply SER 5



MANDATORY TEMPLATE

SER 5: Letter to Unsuccessful Candidates

8

Publish Award Notice



For contracts above EUR 30.000 it is mandatory to publish an Award Notice applying GEN 17. The Award Notice shall be published in a suitable media where candidates will notice the information and on the Contracting Authority's website. The purpose of a public announcement is to meet the principle of transparency with the added benefit of attracting new candidates. Thus, the Award Notice is useful and recommended for all contracts.

For situations where the Procurement Committee finds that posting an Award Notice will bring project staff, beneficiaries, the project or the winning contractor at risk, the Procurement Committee may refrain from posting an Award Notice, see blanket derogation (k). This shall be duly documented.

NOTE: The Procurement Committee shall take notice of any specific donor requirements for publishing an Award Notice.



MANDATORY TEMPLATE

GEN 17: Award Notice (optional below EUR 30,000)

9

Receive and Inspect



Ensure that the services completed, inspected and received comply with the contract. Issue a Completion Certificate or file other relevant documentation as proof of receipt of the services e.g. a report or adapt SUP 13 to the needs. The Contracting Authority shall follow up on the timely delivery and satisfactory quality of the received services.

**SUPPORT TEMPLATE**

SUP 13: Goods Received Note

**DOCUMENTATION IN THE PROCUREMENT FILE**

- Declaration of Impartiality and Confidentiality
- Purchase Request
- Shortlist of Suppliers/Candidates and Receipt Form
- Request for Proposal
- Proposals Received
- Evaluation grid for Negotiated Procedure
- Contract
- Letter to Unsuccessful Candidates
- Copy of invoice
- Award Notice (optional below EUR 30.000)
- Proof of receipt of the service(s)
- Note to File, if relevant

7.3 THE LOCAL OPEN TENDER PROCEDURE

The Local Open Tender Procedure, from here on named Local Open Tender, is more extensive and elaborate than the Negotiated Procedure. It is applicable to high value purchases of EUR 150,000 – 299,000.

A Local Open Tender requires a public and specified advertisement of a Tender Notice in the country of operation in newspapers and suitable online procurement media, with a bid flow of at least 21 days. A Local Open Tender shall provide eligible candidates in the country of operation with equal business opportunities.

A Tender Dossier shall be drafted and forwarded to interested candidates who then can submit a tender. After the deadline of receiving tenders, they shall be opened and announced in the optional presence of all interested tenderers. Evaluation of the tenders is undertaken by the Procurement Committee based on a clearly predefined evaluation grid and the most compliant tenderer is awarded the contract. A public Award Notice is mandatory and letters to all unsuccessful tenderers shall be submitted.

As the commercial risks for high value purchases are increased, consider the use of prepayment, tender and performance guarantees. For more information on financial guarantees, see section 9.3.

Before the procurement process is initiated, please ensure that all members of the Procurement Committee sign the Declaration of Impartiality and Confidentiality (GEN 2-1). Furthermore, please ensure that the mandatory general Advertisement of Business Opportunities (GEN 8) was published. For more information on the general Advertisement of Business Opportunities, see section 4.11.1.

Step Guide:**1****Purchase Request with Terms of Reference**

Identify the service(s) to be procured from the Procurement Plan and draft the TOR using SER 2-3: Terms of Reference.

Procurement starts with the completion and authorization of the Purchase Request Form GEN 1-1. The Purchase Request originates outside the Procurement Department and programme staff are usually in charge of drafting the TOR.



The Purchase Request identifies the TOR of the services, ensures sufficient budget and requests the procurement responsible staff to procure the services.

Clear, adequate and well-defined TOR is a prerequisite for receiving proposals matching the requirements and the budget. Please refer to section 4.12.2 when drafting the TOR.

Establish if the content of the TOR qualifies for the use of Open Budget and decide if the procedure will use Open Budget.

NOTE: If a candidate assists with input to the technical specifications, the candidate is excluded from participating in that procedure.



MANDATORY TEMPLATE

GEN 1-1: Purchase Request Form

SUPPORT TEMPLATE

SER 2-3: Terms of Reference



Learn more about drafting TORs in e-training number 6. [Guide to SER 2: Request for Proposal](#)

2

Draft Tender Dossier



Carefully prepare the Tender Dossier, applying SER 6. Please note that SER 6 is applicable to a one time purchase as well as a framework contract. Please follow the instructions in the document and customize the document to one or the other option. When preparing the Tender Dossier consider all the articles and options and decide on:



Deadline

Decide on the deadline for receipt of proposals. The bid flow shall be minimum 21 days.



Timetable for Tender Procedure

Tenderers shall be informed of the planned timetable for the further tender procedure, incl. clarifications, deadline, tender opening date, etc.



Organisation and Methodology

Consider if there is a need to include an Organisation and Methodology description in the Tender Dossier. This is often the case for complex service tasks which can be performed using different methodologies or if specific risks are related to the performance of the service, and there is a need to clarify how tenderers will deal with these risks.

Open Budget

Establish if the content of the TOR qualifies for the use of Open Budget and decide if the procedure will use Open Budget in SER 6-1: Tender Dossier for Open Budget.



Type of Remuneration

The Service Contract may be a 'global price' contract, a 'fee-based' contract or a mix of the two. One of the three options must be chosen in article A.6 Financial Proposal of the RFP and in article B.7 Remuneration of the Draft Contract.



For the global price the Contracting Authority pays the candidate according to the delivery of a defined output, e.g. reports, workshops etc. The global price includes all costs and is a total price. An advantage of the global price contract is the simplicity of its administration. The Contracting Authority having only to be satisfied with the outputs without monitoring the staff inputs or the reimbursable expenses. Studies are usually carried out on a global price basis e.g. surveys, master plans, economic, sector, simple feasibility and engineering studies.

In fee-based contracts remuneration is based on (i) agreed unit rates for the candidates' staff multiplied by the actual time spent by the staff in executing the assignment, and (ii) reimbursable expenses using actual expenses and/or agreed unit prices. This type of contract is heavy on administration and requires the Contracting Authority to closely supervise and monitor the Contractor. 'Fee-based' contracts are used for assignments for which remuneration is being determined based on the time spent by the Contractor in carrying out the services. Such contracts are recommended when the scope of the services cannot be established with satisfactory precision, or the duration and quantity of services depend on variables that are beyond the control of the contractor.

Evaluation Criteria

Article A.11 of the RFP instructs the candidates of the technical and financial criteria, which the Procurement Committee will use for the evaluation of the proposals. Furthermore, it informs the candidates of the weights assigned to the technical and financial scores. Finally, the article details how the Procurement Committee will weigh the various technical criteria.

For the technical evaluation criteria, defined in the table in article A.11, it is important to note that these are suggested criteria and it is the responsibility of the Procurement Committee to modify these to match the requirements of the contract in question. To assist the evaluation process, please define unambiguous and measurable evaluation criteria. The technical score is the sum of the points each candidate has obtained for each technical criterion. The Contracting Authority has the right to discard technical offers scoring below a certain number of points. This is to safeguard the procedure against low quality offers.

Examples of technical evaluation criteria could be the candidate's experience in the field of assignment, the candidate's general academic qualifications and specific experience in the region/country of the assignment, the adequacy of the proposed methodology and the work plan in responding to the TOR, the candidate's availability and the required time to perform the services, CSR related policies and certifications etc.

The financial evaluation criteria are predefined in article A.11 as the formula $S_f = 100 \times F_m/F$ (S_f is the financial score of a proposal; F_m is the lowest price; and F is the price of the proposal under evaluation). This formula cannot be changed. During the evaluation in Step 4, the Procurement Committee applies this formula to calculate a financial score for each proposal received.

Please note that the overall score links directly to the award criteria in article A.12 of the RFP.

Donor Requirements

Take notice of specific donor requirements such as requirements to origin and nationality, exclusivity clauses, publication rights, visibility, right to audit, exclusion and eligibility clauses, preference criteria, etc., which might require amendment of the RFP.

Ethical Criteria

It is recommended to collect general information on sector and country specific ethical risks to identify potential risks related to procuring the service in question. Is there a need to include specific criteria to ethical procurement issues in the RFP such as certifications (or equivalent proof of compliance to ethical criteria) or the inclusion of specific terms related to e.g. environmental or social performance?

Bank Guarantees

Will a prepayment or performance guarantee be required? For more information on bank guarantees, see section 9.3.

Special Conditions

Make sure to include all the special conditions for the specific contract in the Draft Contract. The Tender Dossier in SER 6 provides the basic information and phrases but each contract shall be adapted to the specific requirements of the project, the service required and contractual context.



MANDATORY TEMPLATE

SER 6: Tender Dossier incl. Framework Contract
SER 6-1: Tender Dossier for Open Budget



E-training number 6. [Guide to SER 2: Request for Proposal](#) covers some of the articles which are also part of SER 6. Use the training as a reference tool to gain knowledge about how to use and adapt the articles in the tender Dossier.

3

Publish Tender Notice



Draft the Tender Notice applying GEN 11. The Tender Notice shall as a minimum describe the service to be procured (incl. the essential TOR), the rules governing the submission and presentation of tenders, the exclusion, selection and award criteria, and where and when the Tender Dossier can be collected.



Interested tenderers shall be given a minimum of 21 days to submit a tender from the date of publishing the Tender Notice until deadline. The bid flow of 21 days may be longer depending on the nature of the service.

The Tender Notice shall be published in the country of operation in suitable media e.g. newspapers, websites as well as media required by donor. To provide eligible candidates in the country of operation with equal business opportunities, the Procurement Committee is encouraged to submit the Tender Notice directly to a broad list of candidates who could be interested in participating in the tender process.

It is in the interest of the Procurement Committee to ensure the widest possible participation in the Tender to obtain the best quality and value for money.

NOTE: The Tender Dossier shall be available on the date of publishing the Tender Notice.



MANDATORY TEMPLATE:
GEN 11: Tender Notice

4

Submit Tender Dossier



Within 1-2 days of the Tender Dossier being requested it shall be submitted to interested suppliers. At this stage it is also important to communicate the ethical principles and standards to the suppliers.

Use GEN 13 to keep a record of the date the Tender Dossier was submitted and to whom. Identify each tenderer by a number.



Should the Contracting Authority require an amendment to the Tender specifications or TOR, please also use GEN 14 to communicate to all tenderers interested in participating in the tender procedure. Tenderers may submit questions and clarifications in writing according to date specified in the time table A.4 in the Tender Dossier. Information regarding interpretation of the Tender Dossier shall be requested in writing only. Tenderers are not allowed to approach the Contracting Authority for oral clarification. Clarifications to the Tender Dossier shall be documented in GEN 14 and shared with all tenderers interested in participating in the tender procedure.

Any prospective tenderer seeking to arrange individual meetings during the tender period with either the Contracting Authority or any other organisation with which the Contracting Authority is associated or linked to, shall be excluded from the tender procedure.

NOTE: Tenderers shall never pay for costs in relation to the tender process and it is not acceptable procurement practice to sell the Tender Dossiers against a 'tender document fee'.



MANDATORY TEMPLATE:
GEN 13: Shortlist of Suppliers/Candidates and Receipt Form
GEN 14: Tender Amendments, Questions and Answers

5

Receive Tenders



For each tender received, the date and time of receipt shall be registered in GEN 13, including name of the person who received the tender. All received tenders shall be kept unopened in a secure place until the tender opening session.

All tenders received after the deadline shall be rejected at the tender opening. If the deadline is 17:00 hrs, then offers received at 17:01 or later shall be rejected.



MANDATORY TEMPLATE:
GEN 13: Shortlist of Suppliers/Candidates and Receipt Form

6

Conduct Tender Opening Session

Conduct a tender opening session where all tenderers who has submitted a tender are invited to participate. Tenders shall be opened at the announced time, place and date in the presence of tenderers who choose to attend. The names of the tenderers and



prices are read aloud and registered in GEN 15-3, and tenderers who participate are registered in GEN 15-2.

For guidance on how to prepare and conduct the tender opening session please refer to GEN 15-1: Tender Opening Checklist.



MANDATORY TEMPLATE:

GEN 15-2: List of Participants

GEN 15-3: Tender Opening

SUPPORT TEMPLATE:

GEN 15-1: Tender Opening Checklist

7

Ensure Administrative Compliance



After the tender opening the Procurement Committee shall carry out administrative compliance check of the received tenders. Fill in section A of SUP 5: Evaluation Grid for Open Tender. This is a preliminary examination of all tenders and not an evaluation of the actual proposals.



Each tender shall be checked for administrative compliance based on the requirements set out in the Tender Dossier e.g.

- Was the tender received before the deadline?
- Are the required no. of copies supplied?
- Is the Tender Submission Form completed and duly signed?
- Are requirements to origin and nationality respected (if required)?
- Are all the requested documents submitted and properly signed e.g. certification, references, bank guarantees, the Tender Submission Form etc. The required documents are listed under "instructions to tenderers" in the Tender Dossier.

Tenders which do not comply shall be rejected and the reason for rejection shall be stated in section A of SUP 5.



MANDATORY TEMPLATE

SER 7: Evaluation Grid for Open Tender

8

Evaluate and Select Tenderer



After ensuring administrative compliance, each member of the Procurement Committee shall receive a copy of the compliant tenders for evaluation and analysis. This evaluation shall be done in private and each member shall fill in part B and C of the Evaluation Grid in SER 7. Tenderers are not allowed to be present. Make sure all the evaluation criteria, defined in the Tender Dossier are applied to the Evaluation Grid before evaluation starts.



After the individual evaluations the Procurement Committee meets and discusses their individual evaluations, drafts a joint Evaluation Grid (SER 7), ranks proposals and selects the winning tenderer. The joint Evaluation Grid shall clearly document why the winning proposal was selected and shall be signed by all members of the Procurement Committee. Tenderers cannot attend this meeting.



Before issuing the Contract, please verify the selected candidate's eligibility as per DCA Counter Terrorism Policy, by checking the UN Security Council, EU and donor required sanctions lists.

Clarifications

During the evaluation it may be necessary to obtain clarification from a tenderer. Depending on the type and complexity of the clarification, the tenderer can be invited for an interview or be asked to provide clarifications by email. For email communication, please allow the tenderer sufficient time and do stipulate a deadline.

If the clarifications are best obtained through an interview, the Procurement Committee has the possibility to change the scores in the Evaluation Grid. There is a separate column in the Evaluation Grid for this purpose.

Evaluation Challenges

- If there is a need to amend the technical specifications described in the Tender Dossier, either by reducing or increasing the minimum requirements, the tender process shall be cancelled and a new procedure initiated, starting from step 1. The deadline for submitting tenders can be reduced from 21 to 15 days or less, depending on the complexity. This emphasises the importance of drafting a clear TOR and evaluation criteria from the outset of the procurement process.
- If all financial offers exceed the budget substantially, the cause for this can either be change in the market price, minimum technical requirements are too high, etc. The reason for the high offers shall be clarified. Proceed as described in the above case scenario if changes to the technical specifications are needed.
- If less than three tenders have been received, it is acceptable to proceed with the best tender provided that general procurement principles are met, incl. proper advertisement. If there is a need to make substantial changes to the contract terms e.g. TOR, the tender process shall be cancelled and a new process initiated, starting from step 1. If no tenders are received a new tender procedure shall also be initiated. Please analyse the possible reason for the lack of tenders and implement the findings in the new Tender Notice and the Tender Dossier.



MANDATORY TEMPLATE

SER 7: Evaluation Grid for Open Tender

9

Issue Contract and Send Letter of Acceptance



The Procurement Committee sends a Letter of Acceptance to the selected tenderer, applying GEN 16, and issues the contract applying the template in the Tender Dossier (part B of SUP 3). Check if the standard contract must be adapted to national legislation, traditions or requirements. Incorporate all agreements reached with the selected supplier in the contract and never delete or make alterations to the GTC.



The contract shall be forwarded unsigned to the selected tenderer and returned signed to the Contracting Authority. Only thereafter shall the contract be signed by the Contracting Authority. Signing the contract creates a legally binding document for both parties.



Before signing the Contract the Procurement Committee shall ensure:

- That adequate and exact references are made in the contract to the tender
- That the tenderer acknowledges the GTC and the COC without exceptions or amendments

- For new suppliers, make sure that satisfactory references and company data have been collected

NOTE: If the selected tenderer cannot accept the GTC the Procurement Committee shall decline the bid and continue the process with another tenderer.



MANDATORY TEMPLATE

SER 6: Tender Dossier (incl. Contract)
GEN 16: Letter of Acceptance

10

Send Letter to Unsuccessful Tenderers



After the contract has been signed, the Procurement Committee shall submit a notification letter to the unsuccessful tenderers notifying them of the result of the tender process. Use the template in SER 5.



MANDATORY TEMPLATE

SER 5: Letter to unsuccessful Candidates

11

Publish Award Notice



It is mandatory to publish an Award Notice, applying GEN 17. The Award Notice shall be published in a suitable media where suppliers will notice the information and on the Contracting Authority's website. The purpose of a public announcement is to meet the principle of transparency with the added benefit of attracting new suppliers. Thus, the Award Notice is useful and recommended for all contracts.

For situations where the Procurement Committee finds that posting an Award Notice will bring project staff, beneficiaries, the project or the winning contractor at risk, the Procurement Committee may refrain from posting an Award Notice, see blanket derogation (k). This shall be duly documented.

NOTE: The Procurement Committee shall take notice of any specific donor requirements for publishing an Award Notice.



MANDATORY TEMPLATE:

GEN 17: Award Notice

12

Receive and Inspect



Ensure that the services completed, inspected and received comply with the contract. Issue a Completion Certificate or file other relevant documentation as proof of receipt of the services e.g. a report or adapt SUP 13 to the needs. The Contracting Authority shall follow up on the timely delivery and satisfactory quality of the received services.



SUPPORT TEMPLATE

SUP 13: Goods Received Note



DOCUMENTATION IN THE PROCUREMENT FILE

- Declaration of Impartiality and Confidentiality

- Purchase Request
- Tender Dossier
- Tender Notice
- Shortlist of Suppliers/Candidates and Receipt Form
- Tenders received
- Amendments, Questions and Answers
- Tender Opening Minutes (Checklist, List of Participants, Tender Opening)
- Evaluation Grid for Open Tender
- Contract and Letter of Acceptance
- Letter to Unsuccessful Candidates
- Copy of Invoice
- Award Notice
- Proof of receipt of the service(s)
- Note to File, if relevant

7.4 THE INTERNATIONAL OPEN TENDER PROCEDURE

The International Open Tender Procedure, from here on named International Open Tender, is similar to the Local Open Tender except for the rules applicable to advertisement of the Tender Notice and the time frame for the bid flow. International Open Tenders shall always be advertised internationally and the deadline for submitting a tender shall be at least 30 days after the Tender Notice is published. The International Open Tender is applicable for all Service Contracts above EUR 299,999.

As the commercial risks for high value purchases are increased, consider the use of prepayment, tender and performance guarantees. For more information on financial guarantees, see section 9.3.

Before the procurement process is initiated, please ensure that all members of the Procurement Committee sign the Declaration of Impartiality and Confidentiality (GEN 2-1). Furthermore, please ensure that the mandatory general Advertisement of Business Opportunities (GEN 8) was published. For more information on the general Advertisement of Business Opportunities, see section 4.11.1.

Step Guide:

1-2

Purchase Request with Terms of Reference and Tender Dossier

Follow step 1-2 in the Local Open Tender Procedure in section 7.3:

- Raise a Purchase Request
- Draft technical specifications
- Draft Tender Dossier

3

Publish Tender Notice Internationally



The Tender Notice shall be published in relevant regional and international media and shall as a minimum describe the services to be procured including the essential TOR, the rules governing the submission and presentation of tenders, the exclusion, selection and award criteria, and where and when the Tender Dossier can be collected.



Interested Tenderers shall be given a minimum of 30 days to submit a tender from the date of publishing the Tender Notice. The bid flow of 30 days may be longer depending on the nature of the supplies. Tenderers may submit a bid from the day of publishing the Tender Notice until the deadline.



The Tender Notice shall be published in suitable procurement media e.g. newspapers, websites and media required by donor in the country of operation and internationally. Examples of websites for Tender Notice publication are [Relief Web](#), [UN Development Business](#), [dgMarket tenders worldwide](#) or [Ted tenders electronic dailyted.europa.eu](#)



It is in the interest of the Procurement Committee to ensure the widest possible participation in the tender to obtain the best quality and value for money.

NOTE: The Tender Dossier shall be available on the date of publishing the Tender Notice.



MANDATORY TEMPLATE:
GEN 11: Tender Notice

4

From Submitting Tender Dossier to Receipt

Follow step 4-12 in the Local Open tender Procedure in section 7.3:

- Submit Tender Dossier
- Receive Tenders
- Conduct tender opening sessions
- Ensure administrative compliance
- Evaluate and select tenderer
- Issue contract and send Letter of Acceptance
- Send Letter to Unsuccessful Tenderers
- Publish Award Notice
- Receive and Inspect



DOCUMENTATION IN THE PROCUREMENT FILE

- Declaration of Impartiality and Confidentiality
- Purchase Request
- Tender Dossier
- Tender Notice
- Shortlist of Suppliers/Candidates and Receipt Form
- Tenders received
- Amendments, Questions and Answers
- Tender Opening Minutes (Checklist, List of Participants, Tender Opening)
- Evaluation Grid for Open Tender
- Contract and Letter of Acceptance
- Letter to Unsuccessful Candidates
- Copy of Invoice
- Award Notice
- Proof of receipt of the service(s)
- Note to File, if relevant

7.5 LEGAL ASPECTS – EMPLOYMENT CONTRACTS VERSUS SERVICE CONTRACTS

The standard documents and related tendering procedures do not, in principle, apply to employment contracts. An employment contract is where the Contracting Authority hires an individual for the provision of the equivalent services under an employee-employer relationship. There is much legal discussion about the

distinction between a Service Contract and an Employment Contract. Some generally accepted criteria to determine the existence of an employment relationship are:

- A relationship of subordination usually with one employer, only
- The technical and functional integration of the worker into the productive and organisational structure of the client e.g. the Contracting Authority determines the working hours, reimburses expenses in connection with the job and the employee has the right to give notice
- The exercise of managerial and disciplinary powers that is to be found, strictly speaking, only in a subordinate - or an employment relationship
- The commercial risk relating to the activity, resting finally with the Contracting Authority
- The form of payment as a salary on a monthly basis or similar unlinked to a direct result

Under several national systems, the distinction is fundamental because of a rigid labour law, which imposes strict dismissal procedures on employment contracts, and provide limited possibilities for entering into fixed-term contracts. When operating in a country with a rigid labour law, Contracting Authorities shall be careful never to sign a contract which could be qualified by a project country court as an Employment Contract. The risks are the inability to terminate the relationship at the end of the services or project, a costly dismissal procedure; or the application of labour law protective provisions in favour of the employee.

The Service Contract (SER 4) excludes any link of subordination between the Contracting Authority and a service provider and places the responsibility of the outcome of the Service on the Service Provider.

8 WORKS CONTRACTS

This chapter provides a step by step guide for Procurement Procedures applicable to Works Contracts according to contract value.

Since Works Contracts with a value above EUR 300,000 are unlikely to occur, the Local Open Tender and International Open Tender Procedures are not described in this Manual. Should the procedures be required, please contact the DCA Desk Officer at the County Office or the DCA ProLog Unit for assistance and standard tender documents.

'Works' means the outcome of building or civil engineering as a whole and is sufficient to fulfil an economic or technical function. Works Contracts cover either the execution or both execution and design of works or the realisation of a work corresponding to the requirements specified by the Contracting Authority. It is a Works Contract when an entrepreneur or construction company has the obligation of delivering works and is responsible for hiring or buying the necessary resources to fulfil this obligation i.e. the entrepreneur hires the labour, brings all equipment and buys the construction materials and resources.

Examples of Works Contracts are construction, reconstruction, demolition, repair or renovation of a building, structure or works, such as site preparation, excavation, erection, building, drilling, etc.

Customs and regulations play a large part in the procurement of works and the Request for Proposal and contract shall be adapted as necessary to the risks and requirements of the specific works to be procured and the context in which the project is executed. It is important to be aware that too strict requirements may discourage companies from submitting proposals and entering a contract.

NOTE: Please read section 8.3 Legal Aspects concerning specific legal risks and necessary precautions for Works Contracts before proceeding.

WORKS		
EUR 300 - 9,999	Simple Procedure	See section 8.1
EUR 10,000 - 299,999	Negotiated Procedure	See section 8.2
EUR 300,000 - 2,999,999	Local Open Tender	Contact DCA Desk Officer for instructions and standard documents
Above EUR 3,000,000	International Open Tender	Contact DCA Desk Officer for instructions and standard documents

Ethical Considerations

The procurement of works is very complex and involves specific ethical risks, which are related to employees' labour rights and companies social and environmental responsibilities as well as the production, handling or transport of products. In order to avoid or prevent ethical risks, it is important to consider which risks are related to the procurement of works in a specific context. It is recommended to include ethical considerations in the market survey and to conduct a small-scale research on the contractors' ethical business performance in the sourcing process and further make procurement decisions which seek to avoid or manage the identified ethical risks. Also consider how internal purchasing practices may influence contractors' ability to meet ethical requirements and standards e.g. short lead times, changes to specifications and negotiating prices. Please ensure always to communicate the ethical principles and standards to potential contractors either by personal contact or by publishing the COC. For more information on ethical procurement principles and implementation, see section 1.2 and 1.2.1.

The Administration and Supervision of Works Contracts

An engineer or a project manager with necessary construction experience shall be hired prior to the Procurement Procedure being initiated to administrate and supervise the process or the works e.g. prepare technical specifications, draft contract, etc. Please apply SER 1 for this type of contract.

The administration and supervision of a Works Contract can also be entrusted to a qualified employee of the Contracting Authority such as the project manager. In the Works Contract with the contractor, the provisions concerning the engineer are made applicable to the project manager, see article 1 of the GTC. However, it is important to establish a specific job description for the assignment which would include the main provisions of the contract for engineering services.

8.1 THE SIMPLE PROCEDURE

The Simple Procedure is the simplest Procurement Procedure. This procedure is applicable within the threshold of EUR 300 - 9,999.

For the Simple Procedure it shall be documented that the price of the works corresponds with or is lower than the market price while meeting the technical specifications. To establish this several methods exist. It is possible to collect written proposals or refer to recent contracts from the past 12 months. The advantages of written proposals are many. They evidence what has been offered, thereby reducing misunderstandings and are easy to document. Alternatively, the method can be verbally collected proposals documented in a Note to File or printed prices and specifications from the internet. Regardless of the method chosen, a minimum of three prices must be collected, specifications must be available and documented in the procurement file.

Before the procurement process is initiated, please ensure that all members of the Procurement Committee sign the Declaration of Impartiality and Confidentiality (GEN 2-1). Furthermore, please ensure that the mandatory general Advertisement of Business Opportunities (GEN 8) was published. For more information on the general Advertisement of Business Opportunities, see section 4.11.1.

Step Guide:

1

Purchase Request with Technical Specifications



Identify the works to be procured from the Procurement Plan and draft the technical specifications.



Procurement starts with the completion and authorization of the Purchase Request Form GEN 1-1. The Purchase Request originates outside the Procurement Department and the specifications shall be drafted by an engineer, architect or other specialist in collaboration with the project manager.

The Purchase Request identifies the technical specifications of the works, ensures sufficient budget and requests the procurement responsible staff to procure the works.

Determine if it is necessary or relevant to divide the works into several sublots to promote competition or to support the project market economy (e.g. depending on the capacity of the construction companies available in the market) or to avoid delays. Please refer to section 4.1.1.

Clear, well-defined technical specifications are a prerequisite for receiving proposals matching the requirements and the budget. When drafting the technical specifications, please refer to section 4.12.1.

NOTE: If a candidate assists with input to the technical specifications, the candidate is excluded from participating in that procedure.



MANDATORY TEMPLATE

GEN 1-1: Purchase Request Form

2

Collect Proposals



Approach the candidates for a written or non-written proposal, search the internet for the best price and quality or refer to recent contracts to ensure that the price corresponds with the present market price or lower. Make sure to have at least three proposals for comparison and file the collected proposals in the procurement file.



Although optional, it is recommended to use a written RFP, applying WOR 1. The use of a written RFP prevents misunderstandings and ensures that all the required information is collected.



If a non-written proposal is collected the Procurement Committee shall make a written note of the price, name of candidate, description of service and note the date. This note shall be filed in the procurement file.

When preparing the RFP, take into consideration whether the contract is of low or high risk of delays, insurance uncertainties, deficient quality, uncertainties on permits or authorisation, lack of capacity to administrate contract, etc. and whether the construction company is a small company or a large international company. For information on legal aspects, see section 8.3. The higher the value and risk involved, the more important it is to include clauses ensuring the execution of the works and protecting the interest of the Contracting Authority. It is though important to be aware that too strict requirements may discourage companies from lodging a proposal.

At this stage it is also important to collect general information on sector and country specific ethical risks. This will assist in identifying potential risks related to procuring the works in question. Define requirements to e.g. certifications, CSR policies etc. and communicate the ethical requirements and standards to the candidates.



SUPPORT TEMPLATE

WOR 1: Request for Proposal

3

Evaluate and Select Candidate



Evaluate the proposals and select the candidate offering the best price meeting the technical specifications. Issue a Note to File with a justification for the selection of the candidate. As an alternative to a Note to File, for evaluation purposes it may be useful to apply the WOR 3 Evaluation Grid and Report, which is also used for the Negotiated Procedure.

Before issuing the Contract, please verify the selected candidate(s)'s eligibility as per DCA Counter Terrorism Policy, by checking the UN Security Council, EU and donor required sanctions lists.



SUPPORT TEMPLATE

WOR 3: Evaluation Grid and Report

4

Issue Contract

After selecting the best offer a contract shall be issued by the Procurement Committee, applying WOR 2. Check if the contract must be adapted to existing legislation, traditions and requirements. Works Contracts are complex contracts and the higher the value and risks involved, it becomes more important to include clauses ensuring the execution of the works and protecting the interest of the Contracting Authority.



The standard contract in WOR 2 includes the GTC and the COC which shall never be amended. If amendments to the GTC are needed, instructions must be included in the contract itself. Incorporate into the contract all agreements reached with the selected candidate (e.g., amount of global price, bank account references, etc.). Please consider carefully the legal issues specified in section 8.3.



Note that the RFP (WOR 1) and contract (WOR 2) templates are designed for 'global price' contracts only. Global price contracts are generally used for Works that can be defined in their full physical and qualitative characteristics before proposals are called for or where the risks of substantial design variations are minimal. This is usually construction of buildings, pipe laying, power transmission towers, and series of small structures, such as shelters, latrines and ablution units, which are the most commonly constructed buildings under projects.

The contract shall be forwarded unsigned to the selected candidate and returned signed to the Contracting Authority. Only thereafter shall the contract be signed by the Contracting Authority. Signing the contract creates a legally binding document for both parties.

Before signing the contract the Procurement Committee shall ensure:

- That adequate and exact reference is made in the contract to the relevant RFP or proposal
- That the contractor acknowledges the GTC and the COC without exceptions or amendments
- For new contractors, make sure that satisfactory references and company data has been collected

NOTE: If the selected candidate cannot accept the GTC, the Procurement Committee shall decline that proposal and continue the process with another candidate.

**MANDATORY TEMPLATE**

WOR 2: Contract

5

Receive and Inspect

The Contracting Authority shall follow up on the timely delivery and satisfactory quality of the received Works and take remedial measures to mitigate any negative consequences for the beneficiaries, caused by late delivery or shortfall in the agreed extent and quality.

The administration of a Works Contract and the inspection of the works require expertise. For example, the measurement of the works, article 39 of the GTC, and the determination whether the works can be considered completed, article 45 of the GTC, cannot be undertaken by someone other than an engineer or a project manager having

the adequate qualifications. A qualified engineer should not have difficulties in identifying the standard contractual clauses and in taking all necessary dispositions e.g. issuance of instructions, notices, certificates to ensure proper execution of the works. After inspection and approval of the works, a Certificate of Final Completion shall be signed and filed in the procurement file.



DOCUMENTATION IN THE PROCUREMENT FILE

- Declaration of Impartiality and Confidentiality
- Purchase Request
- Proof of minimum 3 prices or proposals
- Evaluation and justification for selection of candidate
- Contract
- Copy of invoice
- Certificate of Final Completion
- Note to file, if relevant

8.2 THE NEGOTIATED PROCEDURE

The Negotiated Procedure is more formal than the Simple Procedure. This procedure is applicable within the threshold of EUR 10,000 – 299,999 and requires that a minimum of three candidates are invited simultaneously to submit a proposal based on a written RFP. The contract shall be awarded to the most compliant candidate. It is mandatory to publish an Award Notice for contracts above EUR 30,000 and letters to all unsuccessful candidates shall always be submitted.

The Negotiated Procedure is less formal than a Local Open Tender and gives the opportunity to negotiate the terms of the contract.

Before the procurement process is initiated, please ensure that all members of the Procurement Committee sign the Declaration of Impartiality and Confidentiality (GEN 2-1). Furthermore, please ensure that the mandatory general Advertisement of Business Opportunities (GEN 8) was published. For more information on the general Advertisement of Business Opportunities, see section 4.11.1.

Step Guide:

1

Purchase Request with Technical Specifications



Identify the works to be procured from the Procurement Plan and draft the technical specifications.



Procurement starts with the completion and authorization of the Purchase Request Form GEN 1-1. The Purchase Request originates outside the Procurement Department and the specifications shall be drafted by an engineer, architect or other specialist in collaboration with the project manager.

The Purchase Request identifies the technical specifications of the works, ensures sufficient budget and requests the procurement responsible staff to procure the works.

Determine if it is necessary or relevant to divide the works into several sublots to promote competition or to support the project market economy (e.g. depending on the capacity of the construction companies available in the market) or to avoid delays. Please refer to section 4.1.1.

Clear, well-defined technical specifications are a prerequisite for receiving proposals matching the requirements and the budget. When drafting the technical specifications, please refer to section 4.12.1.

NOTE: If a candidate assists with input to the technical specifications, the candidate is excluded from participating in that procedure.



MANDATORY TEMPLATE:

GEN 1-1: Purchase Request Form

WOR 1: Request for Proposal

2

Prepare Shortlist



Prepare a shortlist with a minimum of three candidates applying GEN 13. It is recommended to include 4-8 candidates to ensure that a minimum of three proposals are collected. For more information on sourcing candidates see section 4.11.2.

Before shortlisting the candidates, the following shall be evaluated:

- The candidate's previous experience with similar Works
- The candidate's references
- Implementation capacity of the candidate
- Experience of the staff
- The candidate's access to plant and equipment



At this stage it is also recommended to collect general information on sector and country specific ethical risks to identify potential risks related to procuring the Works in question. Include the information in the sourcing decisions and further in drafting the RFP. See section 1.2.1 for implementation of the ethical procurement principles.



MANDATORY TEMPLATE

GEN 13: Shortlist of Suppliers/Candidates and Receipt Form

3

Draft Request for Proposal



Carefully prepare the RFP applying the template in WOR 1 and approach the candidates for a proposal. The RFP shall be forwarded simultaneously (same day) to all the shortlisted candidates. This is to ensure that all candidates are given an equal amount of time to prepare and submit their proposal. It is recommended to provide candidates with a minimum of two weeks to submit a proposal.



When preparing the RFP consider all the articles and options and decide on:

High-Risk Contract

Is the Contract of low or high risk in terms of delays, insurance uncertainty, deficient quality, uncertainty on permits or authorisation, lack of capacity to administrate contract and whether the construction company is a small company, operating in the project country only, or a large international company. The higher the value and risk involved, the more important it is to include clauses ensuring the execution of the works and protecting the interest of the Contracting Authority. For information on legal aspects, see section 8.3. It is important to be aware that too strict requirements may discourage small companies from lodging a proposal.



Evaluation Criteria



Article A.15 of the RFP informs the candidates of the technical and financial criteria, which the Procurement Committee will use for the evaluation of the proposals. Furthermore, it informs the candidates of the weights assigned to the technical and financial scores. Finally, the article details how the Procurement Committee will weigh the various technical criteria.



Article A.15 suggest a set of predefined technical evaluation criteria with preassigned weights. These can be changed by the Procurement Committee to match the specific needs of the Works Contract in question. The technical score is a sum of the points each candidate has obtained for each technical criterion.



The financial evaluation criteria are predefined in article A.15 as the formula $S_f = 100 \times F_m / F$ (S_f is the financial scores of a proposal; F_m is the lowest price; and F is the price of the proposal under evaluation). This formula cannot be changed. Under the evaluation in Step 4, the Procurement Committee uses this formula to calculate a financial score for each proposal received.

The overall score is calculated per proposal using the following pre-defined formula: $(S_t \times 40\%) + (S_f \times 60\%) = \text{overall score}$ (S_t being the technical proposal and S_f the financial proposal).

The assigned weights of 40% and 60% are flexible and the Procurement Committee shall adapt the weight to the specific needs with respect to the budget available (weight of financial proposal) and the technical and quality requirements (weight of the technical proposal) for the Works Contract. Please take note that assigning a high weight to the financial proposal will indicate that price is the most important factor of the two, and the overall score will favour the cheapest price. Is the highest weight assigned to the technical proposal, the emphasis will be on the quality and the technical requirements and the overall score will favour the best technical offer. This will require a robust budget as there tends to be a link between quality and price.

Please note that the overall score links directly to the Award Criteria in WOR1 A.16

Ethical Criteria

It is recommended to obtain general information on sector and country specific ethical risks to identify potential risks related to procuring the works in question. Is there a need to include specific criteria to ethical procurement issues in the RFP such as certifications (or equivalent proof of compliance to ethical criteria) or the inclusion of specific terms related to e.g. environmental or social performance? Note that noncompliance to employees' health and safety are often high-risk areas for Works Contracts and should be addressed specifically in an article in the RFP.

Donor Requirements

Take note of specific donor requirements such as requirements to nationality, exclusivity clauses, publication rights, visibility, right to audit, exclusion and eligibility clauses, preference criteria, etc., which might require amendment of the RFP.

Bank Guarantees

Will a prepayment-, tender- or a performance guarantee be required? For more information on bank guarantees, see section 9.3.

Subcontracting

Decide if subcontracting is to be allowed and be aware that subcontracting may induce a high risk in some contexts.

Follow Up

To ensure that enough offers are received on time it is recommended to contact all shortlisted candidates 1-2 days after submitting the RFP to ask if they intend to submit a proposal. When a short deadline is required, it is a good practice to follow up to explain the importance of completing the Submission Form and submitting the offer prior to the deadline.

**MANDATORY TEMPLATE:**

WOR 1: Request for Proposal

4

Register Proposals and Initiate Evaluation



Upon receipt of the quotations the date and time of receipt are registered in GEN 13 and the Procurement Committee initiate the evaluation, utilising the Evaluation Grid in WOR 3. Make sure all the evaluation criteria defined in the RFP are applied to the Evaluation Grid before evaluation starts.



Proposals shall be ranked according to their combined technical and financial scores using the weighting of the technical proposal and the financial proposal predefined in the RFP send to the candidates.



Please note that candidates who have not submitted their quotation before the deadline shall not be considered.

Evaluation Challenges

- In case all candidates have offered prices which are too high and/or the technical specifications need to be changed or adjusted, it is not necessary to issue a new RFP. Instead the candidates can be contacted in writing with the amendments and new deadline and request a revised quotation.
- If less than three proposals have been received and if some candidates have declined to submit a proposal, the Contracting Authority can proceed with the best offer provided that the general procurement principles are met. E.g. it shall be ensured that enough candidates were shortlisted, that all candidates have been given enough time to submit a proposal, and that all candidates have acknowledged the receipt of the RFP. If it is not possible to find a minimum of three qualified candidates in the market, it is important to survey broader e.g. markets in neighbouring districts and countries. See section 4.11.2 for how to source new candidates. Lack of candidates in the local market is not sufficient grounds for proceeding with less than three proposals.

**MANDATORY TEMPLATE:**

WOR 3: Evaluation Grid and Report

GEN 13: Shortlist of Suppliers/Candidates and Receipt Form

5

Interview and Negotiation**Interview**

The candidates who are administratively compliant having passed the questions in Part A of the Evaluation Grid, can be invited for an interview. This is not a requirement, but it is recommended. After the interviews the Procurement Committee has the possibility to change the scores in the Evaluation Grid. There is a separate column in the Evaluation Grid for this purpose.



An interview can also facilitate a discussion on identified ethical risks in order to find possible solutions or determine if the proposal shall be turned down for ethical reasons.

Negotiation

The Procurement Committee has the option to negotiate the terms of the contract, and it is recommended to do so. There are no specific procedures on negotiations except that the general procurement principles shall always be respected, and negotiations shall not entail any substantial deviation from the terms and conditions of the RFP. The main purpose of negotiation is to obtain better conditions in terms of technical quality, implementation period, price, payment conditions, etc.

Negotiations may have the purpose of reducing the scope of the services or revising other terms of the contract in order to reduce the proposed remuneration. This may be necessary when the prices proposed exceed the limits of the funds available to the Contracting Authority. In this case, all candidates involved should be invited to participate in the negotiations and to potentially submit a new proposal.

The negotiations can be done by email, phone or at a meeting. A written recap shall be prepared, filed, copied and submitted to the candidate.

When negotiating the terms, consider how requirements on e.g. delivery times and price may affect the candidates' ability to comply with the ethical principles and standards.

**MANDATORY TEMPLATE**

WOR 3: Evaluation Grid for Negotiated Procedure

6

Select Candidate and Issue Contract

Finalize evaluation and select the best and most compliant candidate whose proposal has been determined to be substantially responsive to the requirements of the RFP and has obtained the highest overall score. This provided further that the candidate has also been determined to fulfil the eligibility and non-exclusion criteria including the eligibility as per DCA Counter Terrorism Policy, by checking the UN Security Council, EU and donor required sanctions lists.



After selecting the winning candidate, the Procurement Committee issues the contract applying WOR 2. Check if the standard contract must be adapted to national legislation, traditions or requirements to Works Contracts.



Works Contracts are complex and the higher the value and risks involved, the more important it becomes to include clauses ensuring the execution of the works and



protecting the interest of the Contracting Authority. It is important to be aware that too strict requirements may discourage smaller companies from entering into a contract.

The standard contract in WOR 2 includes the GTC and the COC which shall never be amended. If amendments to the GTC is needed, instructions must be included in the Contract itself. All agreements reached with the selected candidate shall be incorporated into the contract e.g. amount of global price and bank account references. Please consider carefully the legal issues specified in section 8.3.

Note that the RFP (WOR 1) and contract (WOR 2) templates are designed for 'global price' contracts only, which is a total price for the entire assignment. Global price contracts are generally used for works that can be defined in their full physical and qualitative characteristics before proposals are called for, or where the risks of substantial design variations are minimal. This is usually construction of buildings, pipe laying, power transmission towers, and series of small structures, such as shelters, latrines and ablution units, which are the most commonly constructed buildings under projects.

The contract shall be forwarded unsigned to the selected candidate and returned signed to the Contracting Authority. Only thereafter shall the contract be signed by the Contracting Authority. Signing the contract creates a legally binding document for both parties.

Before signing the contract the Procurement Committee shall ensure:

- That adequate and exact reference is made in the contract to the relevant RFP
- That the contractor acknowledges the GTC and the COC without exceptions or amendments
- For new contractors, make sure that satisfactory references and company data has been obtained

NOTE: If the selected candidate cannot accept the GTC, the Procurement Committee shall decline the proposal and continue the process with another candidate.



MANDATORY TEMPLATE

WOR 3: Evaluation Grid for Negotiated Procedure
WOR 2: Contract

7

Send Letter to Unsuccessful Candidates



Once the selected contractor has returned the contract duly signed, a letter shall be sent to the unsuccessful candidates (WOR 4) informing them of the result of the procedure i.e. the name of the successful contractor and the total contract amount and the scores as per the Evaluation Grid.



MANDATORY TEMPLATE

WOR 4: Letter to Unsuccessful Candidates

8

Publish Award Notice



For contracts above EUR 30.000 it is mandatory to publish an Award Notice applying GEN 17. The Award Notice shall be published in a suitable media where candidates will notice the information and on the Contracting Authority's website. The purpose of a public announcement is to meet the principle of transparency with the added benefit

of attracting new candidates. Thus, the Award Notice is useful and recommended for all contracts.

For situations where the Procurement Committee finds that posting an Award Notice will bring project staff, beneficiaries, the project or the winning contractor at risk, the Procurement Committee may refrain from posting an Award Notice, see blanket derogation (k). This shall be duly documented.

NOTE: The Procurement Committee shall take notice of any specific donor requirements for publishing an Award Notice



MANDATORY TEMPLATE

GEN 17: Award Notice (optional below EUR 30,000)

9

Receive and Inspect



The Contracting Authority shall follow up on the timely delivery and satisfactory quality of the received works and take remedial measures to mitigate any negative consequences, caused by late delivery and/or shortfall in the agreed quantity and quality.

The administration of a Works Contract and the inspection of the works require an expertise in this area. For example, the "measurement" of the works in article 39 of the GTC and the determination whether the works can be determined as "completed" in article 45 of the GTC, cannot be undertaken by someone other than a qualified engineer or a project manager having the adequate qualifications.

A qualified engineer should not have difficulties in identifying the standard contractual clauses and in taking all necessary dispositions e.g. issuance of instructions, notices, certificates to ensure proper execution of the works. After inspection and approval of the works, a Certificate of Final Completion shall be signed and filed in the procurement file.



DOCUMENTATION IN THE PROCUREMENT FILE

- Declaration of Impartiality and Confidentiality
- Purchase Request
- Shortlist of Suppliers/Candidates and Receipt Form
- Request for Proposal
- Proposals Received
- Evaluation grid for Negotiated Procedure
- Contract
- Letter to Unsuccessful Candidates
- Copy of invoice
- Award Notice (optional below EUR 30.000)
- Certificate of Final Completion
- Note to File, if relevant

8.3 LEGAL ASPECTS - RISKS

For Works Contracts special precautions must be taken due to the inherently high legal risks and the complexity of the contracts. The following three sections describe in short some of the main legal issues of concern when applying Works Contracts.

Legal Risks for Works Contracts

- Risk of serious accidents, damages and uncertainty about insurance coverage
- Risk of delays
- Risk of deficient quality
- Risk of lack of capacity in Contracting Authorities to manage and administrate the Works Contracts
- Risk of uncertainty of obtaining required building permits and authorisations
- Risk of uncertainty about the legal status of the lands where buildings are to be constructed

Recommended Precautions

The following precautions are recommended when applying Works Contracts:

- Works projects shall only be undertaken in collaboration with partners with an established record and expertise in construction.
- A qualified engineer or a project manager with necessary construction experience shall be hired. This shall be done before the start of the Procurement Procedure, to make sure he/she is involved in the preparation of the Works Contract and the technical specifications, and he/she can participate in the Procurement Procedure for the works Please refer to the contract for Engineering Services in SER 1.
- International technical assistance shall be obtained when capacity is lacking in the project country. This could be advice from an international engineer on the necessary technical specifications of the works.
- An insurance company shall be contacted in advance to determine what kind of insurance coverage will be available, at which price and under which conditions. Clauses 17 of the GTC and article A.20 of the contract will have to be amended accordingly.
- A legal opinion from a reputable law firm in the country where the works are to be carried out shall be obtained at the project feasibility stage to ensure that:
 - All necessary authorisation and building permits can be obtained on time and without major uncertainties.
 - There is a valid and official title to the land in the name of the legal person or authority who is involved in the project and willingness to put the land at disposal of the works or who is recipient of the works such as the local authority. Ensure the necessary official approvals have been given and appropriate legally binding commitments from the owner of the land exists, article A.15 of the contract in WOR 2.
 - Mandatory applicable laws and regulations in the country of execution are known in advance and incorporated in the conditions of the contract in article A.12 in WOR 2, and article A.12 in the RFP (WOR 1). See also section 9.4 and 9.5 on applicable law and settlement of disputes.
 - The legal length of the defects liability period is established in article 47 of GTC and contract in WOR 2.
 - Appropriate insurance coverage is provided for in the proposed contract and legally enforceable in the country of execution.

Complexity of the Contractual Provisions and Administration

Because of the inherent risks in construction activities, the Works Contract is necessarily a complex and complicated contract which strives to distribute the risks, rights, obligations and liabilities of the parties. The GTC for Works Contracts is inspired by internationally recognised practices, terms and clauses in the construction business. The administration of a Works Contract requires expertise in the area and should be designated to an engineer or a project manager having the adequate qualifications. Examples where expertise is required is the "measurement" of the works in article 39 and the determination that the works can be considered completed in article 45 and 51. A qualified engineer should not have difficulties in identifying the standard contractual clauses and in taking all necessary dispositions e.g. issuance of instructions, notices, certificates to ensure a proper execution of the works. Entering a proper Service Contract with an engineer for that purpose is therefore also crucial (see SER 1).

A difficult part of the administration of a Works Contract is the determination of “interim payments” in article 40 of the GTC, due to the contractor, based on the measurement of the works.

Although the GTC for Works Contracts provide for two different kinds of contracts, a “global price” contract or a “fee-based” contract, the RFP refers only to global price contracts. Global price contracts are generally used for works that can be defined in their full physical and qualitative characteristics before tenders or proposals are requested, or where the risks of substantial design variations are minimal, usually construction of buildings, pipe laying, power transmission towers, and series of small structures, such as shelters, latrines, ablution units etc.

Applicable Law and Settlement of Disputes

The issues mentioned in section 9.4 and 9.5 are of importance and relevance in the context of a Works Contract. A Procurement Procedure for an international Works Contract shall not be initiated unless and until all issues critical to land rights and the allocation of risks have been assessed by a lawyer, both under the conditions and the law of the country of execution of the works and the applicable law, if different. In the area of construction, many mandatory rules are likely to override the contractual provisions. Labour law in the project country has also to be taken into consideration in respect of labour used on the site.

Article 61 of the GTC contains provisions for an amicable settlement of disputes. Failing such settlement, article 61.2 of the GTC and corresponding article 61 in the contract, give the Contracting Authority the option of choosing a court or an arbitration clause. When choosing arbitration, the arbitration body, the place of arbitration and the arbitration rules shall be specified in the contract. Depending on the country, the region, the legal system, the scope and circumstances of the Construction Contract in question, available options for arbitration may vary considerably.

9 LEGAL ASPECTS

This chapter describes some of the general legal aspects of concern to Supply, Service- and Works Contracts.

9.1 CONTRACTUAL DOCUMENTS

The different types of contracts are comprised of a series of documents including special conditions, General Terms and Conditions, Code of Conduct for Contractors, terms of reference, technical specifications and other relevant documents, which shall be listed in the clause “Order of Precedence of Contract Documents” in the contract. When doing so, documents shall generally be listed in the order from specific to more general. In case of later dispute about interpretation of contradicting provisions, the most specific obligation takes precedence over the general one.

Only the draft contract and different respective templates can be amended and filled in. Note that the text of the GTC and COC shall never be amended. However, that does not mean that there cannot be derogation(s) to some of their provisions. The GTC contains a list of rights and obligations which shall always apply in contracts, unless it is specifically indicated otherwise in the contract.

9.2 VALIDITY OF QUOTES, PROPOSALS OR TENDERS

When replying to a Tender Dossier, RFQ or RFP, the invited company binds itself for the duration of the validity period, which runs from the date of submission of its offer and for a specified number of days. Within the validity period, the Contracting Authority shall be able to convene the procurement committee, select, negotiate and interview the supplier or candidate and issue a purchase order or contract to the Contractor. During the validity period, the company is legally obliged to enter into contract with the Contracting Authority under the conditions of its quote, proposal or tender. If it is foreseen that a given Procurement Procedure is going to be particularly burdensome and there is a risk that an invited company, despite this legal obligation, withdraws its offer or refuses to enter into the contract, the option of a Tender Guarantee shall be retained when preparing the Tender Dossier. Please see section 9.3.

If it is foreseen that the evaluation process or the negotiations are taking more time than expected and the contract cannot be awarded within the validity period, the invited suppliers or candidates shall be requested to confirm in writing an extension of the validity of their quote, proposal or tender until a new specified date.

9.3 PREPAYMENT, TENDER AND PERFORMANCE GUARANTEES

Each set of documents includes the possibility of requesting a financial guarantee such as prepayment guarantee, tender guarantee and performance guarantee. These guarantees consist of a written declaration from a bank or an insurance company or another financial institution according to the national context. The institution guarantees that if the supplier or candidate fails to comply with its obligations to the Contracting Authority, the bank or insurance company will satisfy the Contracting Authority’s claim for a certain financial amount.

The guarantees depend on the national context and can take the form of a bank guarantee, banker’s draft, certified cheque or irrevocable letter of credit. Common for all guarantees shall be that they create an at-first-demand obligation for the bank or guarantor. This means that the guarantor must pay as soon as requested in writing, without the Contracting Authority having to engage in a legal process. Therefore, when receiving a guarantee in a form other than the standard performance guarantee, a lawyer or the bank’s trade finance department shall be consulted to ensure proper legal coverage.

Practices and costs in the project country shall guide the decision if such guarantees shall be required or may reasonably be obtained from contractors. If it is common that suppliers or candidates withdraw or change their offer in the validity period due to changes in the market price or availability, a Tender guarantee is a strong tool to prevent this.

These guarantees are payable 'on first demand' and comparable to cash money. It is therefore recommended that account references of the Contracting Authority are clearly specified in the guarantee to ensure that payment under the guarantee can only be made to that account. The guarantee shall be kept in a secure place and with a reference in the procurement file.

Advantages and Disadvantages of Using Guarantees

ADVANTAGES

When applying guarantees the Contracting Authority reduces the risk of suppliers or candidates withdrawing their offers in the validity period (tender guarantee). Moreover, they are committed to deliver the correct resources at the agreed time (performance guarantee). A tender guarantee will motivate suppliers or candidates to comply with the validity period, and it will reduce the participation of unreliable suppliers or candidates.

DISADVANTAGES

When applying a tender guarantee, some suppliers or candidates may decide not to submit an offer as they will not take the risk due to an unstable market.

Prepayment Guarantee

The prepayment guarantee assures compensation to the Contracting Authority for the prepayment lost if the Contractor is in breach of contract before completion. It is recommended that such a guarantee is requested when the contract provides for a substantial prepayment and circumstances might create uncertainties as to the future performance of the contractor. The guaranteed amount shall be for the full value of the prepayment.

In the prepayment guarantee it is stated that it will expire upon issue of an Acceptance Certificate (supplies) or, Completion Certificate (services) or Certificate of Final Completion (works). However, where the contract can be executed in successive deliveries or parts, it is possible to limit such duration. The guarantee shall then expire when the contractor has completed the part of the contract corresponding to the full value of the prepayment guarantee. A template for a prepayment guarantee is found in GEN 10-1.

Tender Guarantee

The tender guarantee assures compensation to the Contracting Authority for the time and money lost if the successful tenderer withdraws his/her offer or fails to enter into the contract. It is recommended that such a guarantee is requested for Open Tenders, or when the amount of the contract along with market conditions makes it relevant (e.g. high volatility of prices). The compensation is generally between one and

validity period, or the receipt by the Contracting Authority from the successful tenderer of the signed contract and the performance guarantee, if required, whichever date is the earliest. Therefore, if an extension of the validity period is requested, the tender guarantee shall also be extended. A template for a tender guarantee is found in GEN 10-2.

Performance Guarantee

The performance guarantee covers broadly all obligations of the contractor under the proper performance of the contract and is generally of an amount of ten per cent of the contract value. It is recommended that such a guarantee is requested for all contracts above EUR 50,000. Depending on the context of the contract, a performance guarantee can also be requested for contracts of a lower value when risk of non-performance appears high. A template for a performance guarantee is found in GEN 10-3.

If no default by the contractor has occurred, the performance guarantee shall be terminated:

- upon expiration of the warranty period (Supply), and the guarantor will therefore likely ask for a clear determination of such a date. Please see relevant article of the GTC and the Purchase Order.
- upon completion of the contract (Service and Works). A Certificate of Final Completion may be required for works.

Guarantees shall be payable to the Contracting Authority “on first demand” in order to secure that funds are available without the Contracting Authority having to engage in a lengthy and costly legal process. The text in the guarantee shall be carefully checked to ensure that it has not been altered from the original text. If doubt exists on the credibility of the bank issuing the guarantee, the Contracting Authority’s own bank shall be requested to confirm the guarantee. By doing this the Contracting Authority’s bank vouches for the guarantee.

9.4 APPLICABLE LAW

The question of applicable law in international contracts raises some of the most complex legal issues which this Manual and the contracts cannot attempt to address in an exhaustive way. The standard contractual documents proposed in this Manual strive at removing the unpredictability in the supply/service/works relationship by providing a contractual framework setting out as far as possible the rights and obligations of the parties.

However, owing to the diversity of applicable laws and fundamental conceptual differences existing between the different systems of laws prevailing in the different countries of operation, it cannot be ensured that all provisions of the GTC can be found legally binding in any country, and that no mandatory rules of the country of execution of the contract will override the standard provisions. Since most legal systems recognise freedom of contract, it is nevertheless expected that, in case of dispute, a contractor will first refer to the provisions of the contract (GTC and other contractual documents), and that if he refers the case to a court, this court will recognise the validity of the contractual provisions.

The GTC for the three types of contracts provide that the law applicable to the contract (substantive law) is the law of the country of establishment of the Contracting Authority. However, it might be adequate to derogate to this clause and choose another applicable law depending on the circumstances of a given contract or project.

Generally, it might be relevant to apply law of the project country in the following cases: supplies bought and delivered in the project country; services performed by a contractor in the project country, and when Works Contracts are implemented by a contractor in a specific project country. When a given law in a project country is underdeveloped or subject to uncertainties, or the contract is concluded with a contractor established in another country, it can be better to designate a foreign law²³.

In case of a high value complex Works Contract, it is recommended that legal advice is sought before choosing the applicable law (see section 8.3).

9.5 SETTLEMENT OF DISPUTES

This issue is closely connected to the question of applicable law, since it is of importance to avoid giving competence to the courts of a given country, when the law applicable to the contract is the law of another country, even though national courts generally recognise their ability to apply foreign laws. The GTC therefore provide that the courts of the country of establishment of the Contracting Authority are competent and that procedural law of that country is applicable to such litigation. For Works Contract, please see section

²³ British law is frequently designated as the applicable law for Construction Contracts in South Asian countries. Whereas such countries generally have insufficient construction laws, British law is fairly well developed in the area of construction disputes. Using British law as the governing law is common in South Asia and comfortable to most people.

8.3. Consistency between the applicable law and settlement of disputes provisions shall be ensured if derogating to the GTC is considered.

The judicial system of some countries where projects are implemented may be unfit for such litigation due to backlogs, lack of capacity or corruption. In such cases, and if the contract in question is closely connected to that country e.g. contractor and execution in the project country, it shall be investigated whether there could be a more effective 'Alternative Dispute Resolution' mechanism, established by a Chamber of Commerce in the project country. For contracts with foreign companies, consider choosing the courts of their respective country. For contracts of high value, providing for a settlement through international arbitration shall also be considered e.g. for Works Contracts, see section 8.3.

When choosing courts of a country different from the country of establishment of the contractor, it shall be considered that even if a judgment in that first country can be obtained, enforcing it against the contractor in his/her country of establishment or where he has some assets shall be attempted. But the ability to enforce a judgment from one country to another country, depends on whether there is a treaty between the two countries which provides for enforcement of such judgments or on the willingness of the project country courts to enforce foreign judgments. Often such judgments are not warmly received.

Settlements of Disputes

Despite the high complexity of these legal issues, it shall be noted that an amicable settlement of disputes is always preferred, and it is highly improbable that the Contracting Authority will undertake a costly international litigation in case of a breach of a contract. If problems and disputes arise with a contractor, assistance from your own organisation's Procurement and Logistics Unit can be requested.

9.6 AUDITS

All donor funded projects are subject to immediate audit by donors. It is therefore important to keep the procurement files up to date at any given time. Please see chapter 5 for detailed information on documentation requirements.

The standard GTC of the three types of contracts provide for the Contracting Authority's right to check and audit all documents related to the contract and give the same right to the funding agency. Audits can also be added as a condition in the Purchase Order or Contract as a special clause.

10 GLOSSARY

Term	Definition
ACT Alliance:	A global alliance of more than 145 churches and related organisations working together in over 120 countries to create positive and sustainable change in the lives of poor and marginalized people.
ACT Appeal:	ACT funding coordination mechanism
Award Criteria:	The criteria defined by the Contracting Authority to reward a supplier or candidate with a Supply, Service or Works Contract.
Award Notice:	The publication of the outcome of the award procedure which specifies the type of supply, service or works procured, the amount of the contract and the successful tenderer.
Bid Flow:	The timeframe from when a tender/RFP/RFQ is published until the offer shall be received by the Contracting Authority.
Candidate:	A person or company that provides intellectual and non-intellectual services or the execution and/or the design of a work corresponding to the specified requirements.
Carrier:	Any person who, in a contract of carriage, undertakes to perform or to procure the performance of transport by rail, road, air, sea, inland waterway or by a combination of such modes of transportation.
Coercive Practice:	Impairing or harming, or threatening to impair or harm, directly or indirectly, any participant in the Tender Procedure to influence its activities improperly.
Collusive Practice:	An undisclosed arrangement between two or more suppliers, tenderers or candidates designed to artificially alter the results of the Tender Procedure to obtain financial or other benefit.
Contract:	A legally binding document between a buyer (Contracting Authority) and a supplier of supplies, services or works.
Contractor:	The general term used in this manual referring to all types of economic operators concluding contracts with the Contracting Authority.
Controlled Drugs:	Controlled drugs have accepted or non-accepted medical use and are controlled by national laws based on their potential for abuse, which may lead to physical or psychological dependency. National laws differ, but often practitioners (e.g., doctors, dentists, physician assistants, advance practice nurses) are licensed by the state and must be registered with a national regulatory body to prescribe these types of pharmaceuticals.
Corruption:	Corruption is here defined as the misuse of entrusted power for private gain. Corruption is a practice where a staff member is receiving or giving money or gifts in order to gain personal or organisational advantages such as favourable treatment, services, a possibility to gain power, lowering prices or ensuring that a certain contractor wins a contract. Corruption may also occur in a more indirect form where the benefit is given to a third party (family, own business etc.).
Derogation:	The authorised allowance to depart from the general rules and procedures for procurement in this manual.
Eligibility:	Meeting the stipulated requirements or being qualified. Eligibility can e.g. refer to the eligibility of costs, products, supplier or candidate.
Emergency Operation:	Actions intended to meet immediate and unforeseeable humanitarian requirements generated by sudden natural or manmade disasters, such as floods, earthquakes and

	<p>outbreaks of conflict or comparable situations. The concept of “emergency” also includes any situation, duly justified, in which the implementation of the humanitarian aid operation must start immediately and where delay is incurred on the action by applying timely Procurement Procedures – hereby putting lives at risk. An emergency must be declared by DCA or the donor and cannot be based on circumstances which are attributed the Contracting Authority.</p>
Ethical Procurement:	The inclusion of social and environmental factors, alongside financial factors, in procurement decisions. It involves looking beyond economic parameters and efficiency in procurement, and additionally considering the associated social consequences, risks, and implications for humans, society and environment.
Exclusion Criteria:	The criteria defined by the Contracting Authority to exclude a supplier or candidate from a Procurement Procedure.
Fee Based Price:	The remuneration of a contractor under a Service Contract, based on a daily fee-rate for an eight-hour working day.
Financial Service Provider:	FSPs are financial actors who provides financial services such as savings accounts, leasing, insurance, loans, money transfer etc. FSPs include e.g. banks, e-money issuers, post offices, money transfer companies, phone companies, etc. In Cash Transfer Programming FSPs are utilised to channel cash/voucher distributions to beneficiaries.
Framework Contract:	A long term (maximum five years) contract concluded between the Contracting Authority and one or several contractors. It is used to define the general terms for future procurement of a series of supplies or services for which the precise quantity and scope and time of delivery cannot be defined at the outset of the contract. Framework Contracts can only be used for Service and Supply Contracts, not Works Contracts.
Fraudulent Practice:	Any act or omission, including a misrepresentation, that knowingly or recklessly misleads, or attempts to mislead, the Contracting Authority to obtain a financial or other benefit or to avoid an obligation.
Global Price:	The complete remuneration of a contractor under a Service Contract, which cover all obligations of the successful candidate under the entire contract (without depending on actual time spent on the assignment). The global price covers the fee rate, including overhead, profit, all his/her obligations, sick leave, overtime, holiday pay, taxes, social charges and all expenses (such as transport, accommodation, food, office, etc.).
General Data Protection Regulation (GDPR)	An EU regulation designed to strengthen and harmonize the protection of personal data in the European Union. GDPR applies to all companies processing and holding the personal data of data subject residing in the EU, regardless of the companies’ location.
Humanitarian Procurement Centre:	Humanitarian Procurement Centres (HPC’s) are ECHO recognised entities specialised in procuring emergency and health supplies or providing related services for the use of actors in humanitarian aid operations. The HPC’s provide services within the following areas: medicine, medical devices, veterinary, foods, water and sanitation, engineering, shelter, telecommunication, transport and administration.
Hybrid Contract:	A contract which contains a mix of supply and services.
Import Clearance Agent:	A person or company who offers the service of customs clearance of goods.
Incoterms:	Internationally recognised standard trade clauses published by the International Chamber of Commerce most commonly used for international sales contracts. The standard clauses can be adopted as the legal regulation for delivery of resources and distribution of cost and risks between the seller and the Contracting Authority in a contract.

Lot/Sub Lot:	A lot is a group of resources which can potentially be procured from the same supplier or candidate. A sub lot is the division of each lot into smaller lots of resources which can be procured from the same or from several suppliers or candidates.
Monitoring Agency:	An agency which is responsible for verifying and certifying the quality, quantity, packing and marking of the resources to be delivered in respect of each supply, issuing the certificate of conformity or the certificate of delivery and generally coordinating all stages of the supply operation.
Partner:	The partner organisation that implements a project or programme.
Procurement:	Procurement is a strategic process of acquiring supplies, service and works. The process covers activities which are necessary to purchase or rent. The required resources and includes all functions from identification of needs, market analysis, planning purchases, sourcing of candidates, obtaining and evaluation of quotes, award of contracts, contract administration, and ensuring the delivery and receipt of the resources.
Purchase Order:	A document issued by a buyer to a seller indicating types, quantities and agreed prices for products. Acceptance of a Purchase Order by a seller forms a legally binding contract between the parties.
Purchase Request:	The Purchase Request starts the procurement process. It contains all relevant information to undertake the purchase hereunder the technical specifications or the Terms of Reference. The Form is authorized by relevant staff to ensure availability of a budget and organisational knowledge.
Running Costs:	Running costs are defined as recurring purchases and costs e.g. each week or month often related to office procurement.
Selection Criteria:	A set of pre-established and non-discriminating criteria defined by the Contracting Authority which defines the minimum requirements of a tenderer or candidate to enter into a contract with the Contracting Authority.
Service Contract:	A contract for the provision of a defined service. It covers all intellectual and non-intellectual services other than those covered by Supply and Works Contracts. Service Contracts equally comprise Study, Freight (if not included in the Supply Contract) and Technical Assistance Contracts.
Service Provider:	A person or a company that provides consulting, legal, finance, real estate, education and communication services
Shipper:	A person who sends goods from one place to another by vessel (sea transport).
Supplier:	A person or company that provides goods, such as raw materials, partially assembled components or any other resources. The delivery of goods may also include siting, installation and maintenance.
Supply Contract:	Covers the purchase, operational leasing, rental or hire purchase, with or without option to buy, of supplies. Whenever rental of venues for meetings, conferences etc. is a direct project cost, it is categorised as a Supply Contract. The delivery of supplies may in addition include siting, installation and maintenance.
Tender:	The offer made by the tenderer in response to a Tender Dossier.
Tender Dossier:	A compilation of relevant documents which shall be received by all shortlisted suppliers or candidates for Supply and Service Contract above the value of EUR 150,000 and for Works Contracts above EUR 300,000. It consists of instructions to tenderers, technical specifications or TOR, Draft Contract, technical data form, tender submission form, GTC and COC (and other optional templates).
Tenderer:	The supplier of supplies, services or works, who submits a Tender Dossier.

Terms of Reference:	Specifies the requirements needed for a Service Contract e.g. purpose, scope of service, timeframe, reporting, expected results, etc.
Threshold:	Thresholds are the marginal values of the contract categories defining which Procurement Procedure to apply to a given contract.
Voucher:	A paper, token or e-voucher that can be exchanged for a set quantity or set value of goods or services. Two types of vouchers exists: For Value Voucher the value of the voucher (e.g. 15\$) can be exchanged for goods in designated fairs, shops, markets, etc; For Commodity or Service Vouchers the voucher can only be exchanged for a fixed quantity of commodities or services (e.g. 5 kg maize; milling of 5kg of maize; one health check per family member) from preselected suppliers or service providers. For Commodity or Service Vouchers the suppliers or service providers are selected in a Procurement Procedure.
Works Contract:	The outcome of building or civil engineering works, taken as a whole, which is sufficient in itself to fulfil an economic or technical function. It is a Works Contract when an entrepreneur or construction company has the obligation of delivering works and is responsible for hiring or buying the necessary resources to fulfil this obligation (i.e. the entrepreneur hires the labour, brings the equipment and buys the construction materials and supplies).

11 LIST OF TEMPLATES

GEN – General Templates

SUP – Supply Templates

SER – Service Templates

WOR – Works Templates

The name of the template includes the month and year of the latest update and the latest version will always be available from the [Procurement Manual Webpage](#).

GENERAL TEMPLATES

GEN 1-1	Purchase Request Form	Mandatory
GEN 2-1	Declaration of Impartiality and Confidentiality	Mandatory
GEN 2-2	TOR Procurement Committee	Support
GEN 4	Code of Conduct for Contractors	Mandatory
GEN 5	Procurement Capacity Assessment	Support
GEN 6	Market Survey Checklist	Support
GEN 7-1	Procurement Plan	Mandatory
GEN 7-2	Sample of Procurement Plan	Support
GEN 8	Advertisement of Business Opportunities	Mandatory
GEN 9	Procurement Steps Overview	Support
GEN 9-1	Time Tables for Procurement Procedures	Support
GEN 9-3	Distribution Schedule Example	Support
GEN 10-1	Prepayment Guarantee	Support
GEN 10-2	Tender Guarantee	Support
GEN 10-3	Performance Guarantee	Support
GEN 11	Tender Notice	Mandatory
GEN 13	Shortlist of Suppliers/Candidates and Receipt Form	Mandatory
GEN 14	Tender Amendments, Questions and Answers	Mandatory
GEN 15-1	Tender Opening Checklist	Support
GEN 15-2	List of Participants	Mandatory
GEN 15-3	Tender Opening	Mandatory
GEN 16	Letter of Acceptance	Mandatory
GEN 17	Award Notice	Mandatory
GEN 18	Procurement Documentation Tool	Mandatory
GEN 18-1	Procurement Documentation Example	Support
GEN 18-2	Index Project Procurement File	Support
GEN 18-3	Index Simple Procedure Procurement File	Support
GEN 18-4	Index Negotiated Procedure Procurement File	Support
GEN 18-5	Index Open Tender Procedure	Support

SUPPLY TEMPLATES

SUP 1	Simple Procedure Quotation Form	Support
-------	---------------------------------	---------

SUP 1-1	Evaluation Grid for Simple Procedure	Support
SUP 2	Request for Quotation for Supplies	Mandatory
SUP 2-1	Request for Quotation for a Framework Contract	Mandatory
SUP 3	Tender Dossier	Mandatory
SUP 4	Evaluation Grid for Negotiated Procedure	Mandatory
SUP 5	Evaluation Grid for Open Tenders	Mandatory
SUP 6	Purchase Order	Mandatory
SUP 7	Framework Contract	Mandatory
SUP 8	Letter to Unsuccessful Suppliers	Mandatory
SUP 9	Guidelines on Transportation and Storage	Support
SUP 10-1	Transport Booking - Air Freight	Support
SUP 10-2	Transport Booking - Sea Freight	Support
SUP 11-1	Step Guide to Procurement of Medicine	Mandatory
SUP 11-2	Step Guide to Procurement of Medical Devices	Mandatory
SUP 11-3	Template for Advertisement of Business Opportunities for Medical Devices	Mandatory
SUP 12	General Terms and Conditions for Supply	Mandatory
SUP 13	Goods Received Note	Support

SERVICE TEMPLATES


SER 1	Request for Proposal for Engineering Services	Mandatory
SER 2	Request for Proposal	Mandatory
SER 2-1	Request for Proposal for Framework Services	Mandatory
SER 2-2	Request for Proposal for Open Budget	Mandatory
SER 2-3	Terms of Reference for Services	Support
SER 3	Evaluation Grid for Negotiated Procedure	Mandatory
SER 4	Contract	Mandatory
SER 4-1	Framework Contract	Mandatory
SER 5	Letter to Unsuccessful Candidates	Mandatory
SER 6	Tender Dossier incl. Framework Contract	Mandatory
SER 6-1	Tender Dossier for Open Budget	Mandatory
SER 7	Evaluation Grid for Open Tender	Mandatory
SER 8	General Terms and Conditions for Service	Mandatory

WORKS TEMPLATES

WOR 1	Request for Proposal	Mandatory
WOR 2	Contract	Mandatory
WOR 3	Evaluation Grid and Report	Mandatory
WOR 4	Letter to Unsuccessful Candidates	Mandatory
WOR 5	General Terms and Conditions for Works	Mandatory

12 RESOURCES

12.1 PROCUREMENT E-TRAININGS

 The e-trainings listed below offer online trainings on central aspects of procurement. The e-trainings are available on-demand from the [Procurement Manual Webpage](#) and can be accessed by DCA staff and implementing partners. The list will be updated as new e-trainings are launched.

To make the most use of the knowledge provided in the e-trainings, it is recommended to go through the e-trainings according to the sequence numbering. The e-trainings can also be used as reference tools.

Title	Learning Objective and Target Group
1. Procurement in the Project Cycle: (1.5 hour)	<p>The e-training provides a general introduction to procurement and how it is an essential and inherent part of the project cycle. The target group is project staff in general – ranging from Project- and Programme Managers to finance- and procurement staff. The overall aim is to advance procurement knowledge within an organisation and to generate:</p> <ul style="list-style-type: none"> • A basic understanding of what procurement is and why it is a quality element of projects. • A basic knowledge of how procurement is planned, implemented and finalized. • A basic understanding of why procurement is an integrated and essential part of the project cycle and involves cooperation between various stakeholders.
2. Working with Lots: (1.5 hour)	<p>Knowing how to prepare lots is an essential aspect of procurement, and this training aims at providing procurement staff with the technical skills to prepare lots in a practical project context. The e-training takes a starting point in a case story and builds knowledge via examples, exercises and explanations. The learning objective is to provide users with thorough knowledge of:</p> <ul style="list-style-type: none"> • What a lot is • Why it is important to work with lots • How to practically prepare lots – and sub lots <p>The e-training builds essential knowledge in order to be able to draft a Procurement Plan, and it is recommended to go through this training before moving on to the e-training Step Guide to the Procurement Plan.</p>
3. Step Guide to the Procurement Plan: (1.5 hour)	<p>The e-training provides a step guide to drafting the Procurement Plan at the project planning phase. The main target group is procurement staff. The e-training takes a starting point in the '7 step guide' from section 4.1 in in the Procurement Manual, and through a case, examples, practical exercise and information, it guides the user on how to draft the Procurement Plan. The main objective is to provide procurement staff with the technical skills to:</p> <ul style="list-style-type: none"> • Obtain all the relevant information which is needed in order to draft a thorough and correct Procurement Plan • Draft a Procurement Plan – step by step. • Fill in the Procurement Plan in GEN 7-1. <p>It is recommended to go through the e-training Working with Lots before this e-training.</p>
4. Thresholds and Procurement Procedures: (20 min)	<p>This short e-training covers the subject of how to assign the correct Procurement Procedure according to Contract Category and threshold. The user is taken through a few 'need to know' topics, quizzes and an interactive Procurement Procedure overview. The main objective of the e-training is:</p>

- To provide procurement staff with the necessary knowledge to assigning correct Procurement Procedures according to threshold and Contract Category.

6. Guide to SER 2:

Request for Proposal:

(2 hours)

In short tutorials, this guide takes the user through the entire Template SER 2: Request for Proposal – article by article.

The main objectives are to:

- To build procurement responsible staff understanding and knowledge of the RFP template and enable users to fill in the template correctly and adapt to specific needs.
- Provide an on-demand reference tool, which will enable users to seek specific information per article in the RFP.

The e-training can also be used as a reference tool to learn about the articles in SER 6: Tender Dossier incl. Framework Contract

12.2 USEFUL LINKS

ECHO

- ECHO helpdesk: <http://dgecho-partners-helpdesk.eu/helpdesk/start>
- ECHO Annex III: Principles and Procedures applicable to Procurement Contracts 1 January 2014: https://www.dgecho-partners-helpdesk.eu/media/annexiii_en_131112.pdf
- Humanitarian Aid Guidelines for Procurement 2011: www.HumanitarianAidGuidelines.org
- Financial Regulations: http://ec.europa.eu/echo/files/partners/humanitarian_aid/fpa/financial_guidelines_final_en.pdf
- ECHO HPC register: http://ec.europa.eu/echo/files/partners/humanitarian_aid/HPC-register_en.pdf
- General HPC information: http://dgecho-partners-helpdesk.eu/actions_implementation/procurement_in_humanitarian_aid/hpc
- Visibility Toolkit: http://ec.europa.eu/echo/files/partners/humanitarian_aid/toolkit_for_partners_sept_09_en.pdf

EuropeAid

- EuropeAid helpdesk: <http://www.puntosud.org/puntosud-academy/helpdesk/>
- Practical Guide to contract procedures for EU external actions (PRAG): http://ec.europa.eu/europeaid/funding/about-funding-and-procedures/procedures-and-practical-guide-prag_en
- EuropeAid list of eligible countries 2007-2013 and 2014-2020 - General annexes A2b2 + A2a Eligibility programmes: <http://ec.europa.eu/europeaid/prag/annexes.do?group=A>

USAID

- Standard Provisions for Non-U.S. Nongovernmental Organizations - A Mandatory Reference for ADS Chapter 303: <https://www.usaid.gov/sites/default/files/documents/1864/303mab.pdf>
- USAID resources for partners: <https://www.usaid.gov/work-usaid/resources-for-partners>

Ethical Procurement

- Danish Initiative for Ethical Trade (DIEH): <https://etiskhandel.dk/om-os/om-organisationen>
- Ethical Trading Initiative: <http://www.ethicaltrade.org/resources/key-eti-resources>
- Danish institute for Human Rights: <http://humanrightsbusiness.org/>
- Business and Human Rights Resource Centre: www.business-humanrights.org
- UN Global Compact: <http://www.unglobalcompact.org/AboutTheGC/index.html>
- Responsible Purchasing Network: <http://www.responsiblepurchasing.org/#>
- Ethical Cargo: <http://www.ethicalcargo.org/>
- Human Rights Watch: www.hrw.org

- Maplecroft - Global risks and businesses: <http://maplecroft.com/>
- ICC's Guide to responsible sourcing: http://www.iccwbo.org/uploadedFiles/ICC/policy/business_in_society/Statements/ResponsibleSourcing%20Brochure%20final.pdf
- Social Accountability International (SA8000 standard): <http://www.sa-intl.org/>
- ISO (International Organisation for Standardization): <http://www.iso.org/iso/home.html>
- UN Guiding Principles on Human Rights and Business: http://www.ohchr.org/Documents/Publications/GuidingPrinciplesBusinessHR_EN.pdf
- The UN Security Council Sanctions List: <https://www.un.org/sc/suborg/en/sanctions/un-sc-consolidated-list> and <https://scsanctions.un.org/search/>
- EU Consolidated List of Sanctions: https://eeas.europa.eu/topics/sanctions-policy/8442/consolidated-list-of-sanctions_en
- EU Sanctions map: <https://www.sanctionsmap.eu/#/main>

DanChurchAid

- DCA website: <http://www.danchurchaid.org/>
- DCA Procurement and Logistics webpage: <https://www.danchurchaid.org/how-we-work/procurement-logistics>
- The DCA Procurement Manual: <https://www.danchurchaid.org/how-we-work/procurement-logistics/planning/manuals-and-guidelines/procurement-manual-6th-edition>
- The DCA Logistics Manual: <https://www.danchurchaid.org/how-we-work/procurement-logistics/planning/manuals-and-guidelines/logistics-manual-3rd-edition>
- Guide to USAID Procurement: <https://www.danchurchaid.org/how-we-work/procurement-logistics/planning/donor-information/dca-procurement-for-usaid-projects>
- DCA Procurement for UNHCR Projects 2nd Revision: <https://www.danchurchaid.org/how-we-work/procurement-logistics/planning/donor-information/dca-procurement-for-unhcr-2nd-revision>
- Fabo – DCA's Learning Catalogue: www.fabo.org
- Procurement Monitoring resource site: https://fabo.org/course/Procurement_Monitoring
- USAID Community on Procurement: https://fabo.org/course/Community_on_USAID_Procurement
- ProLog News and Announcements subscription and information site: https://fabo.org/dca/ProLog_News

Other

- The DAC list of ODA recipients: <http://www.oecd.org/dac/stats/daclist.htm>
- Incoterms from ICC: <http://www.iccwbo.org/incoterms/id3042/index.html>.