PROCUREMENT MANUAL
Procurement of Supplies, Services and Works
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DanChurchAid Procurement Manual
4th edition, January 2012,
Copenhagen, Denmark.
ABBREVIATIONS

ACP: The ACP Group consists of countries in Africa, Caribbean and Pacific
ACT: Action by Churches Together
AWB: Air Way Bill
B/L: Bill of Lading
DCA: DanChurchAid
ECHO: European Commission for Humanitarian Aid & Civil Protection
FPA: Framework Partnership Agreement
GDP: Good Distribution Practices
GFU: DanChurchAid Global Funding Unit
GHTF: Global Harmonization Task Force
GMDN: Global Medical Device Nomenclature
GMP: Good Manufacturing Practices
GSP: Good Storage Practices
GTC: General Terms and Conditions
HMA: DanChurchAid Humanitarian Mine Action
HPC: Humanitarian Procurement Centre
HQ: DanChurchAid Head Quarter
IATA: International Air Transportation Association
ICC: International Chamber of Commerce
ILO: International Labour Organisation
INGO: International Non Governmental Organisation
ISO: International Standardization for Organisation
LDC: Least Developed Countries
MOU: Memorandum of Understanding
MQAS: Model Quality Assurance System
MSF: Medecines Sans Frontieres
NA: Not Applicable
ProLog: Procurement and Logistics Unit, DCA Head Quarter in Copenhagen
RFP: Request for Proposal
RFQ: Request for Quotation
RO: DanChurchAid Regional Office
TOR: Terms of Reference
UNICEF: United Nations International Children’s Fund
WHO: World Health Organisation
INTRODUCTION

This 4th edition of the DanChurchAid (DCA) Procurement Manual is based on donor requirements and international best practices. The Manual is applicable for all DCA operations and can be freely used by DCA and our partners.

The aim of the Manual is to implement appropriate procedures in all procurement activities carried out by DCA and partners in order to ensure that funds are being spent honestly and efficiently to the benefit of our beneficiaries. The procedures of this Manual ensure that DCA and partners practice sound procurement for which transparency, equal opportunity, ethics, best quality and value for money, supporting the local community, and preventing conflicts of interest and corruption are fundamental principles.

The content of the Manual is not set in stone; it is a living document which is updated regularly on the basis of donor requirement, experiences and best practices. Users of the Manual are therefore encouraged to provide feedback and suggestions to the Manual and its related annexes to the DCA Procurement and Logistics Unit in Copenhagen, Denmark.

The 4th edition of the Procurement Manual has been developed by the DCA Procurement and Logistic Unit with important input from procurement staff in the field. Thanks to all who have contributed to the 4th edition of the Procurement Manual. The Manual and its annexes have been developed with reference to publicly accessible procurement documents from the World Bank, EuropeAid and ECHO and the procedures and guidelines for procurement in this Manual meet ECHO and EuropeAid rules and requirements.

The Manual can be downloaded from the DCA website or from the DCA intranet where translations of specific templates and the 2nd and 3rd edition of the Manual as well as a list of the main changes are also found.

Applicability

The Procurement Manual applies to all DCA operations whether implemented by a DCA office or by partners. If stricter procurement procedures are stipulated by a donor, the donor’s procedures shall prevail (e.g. EuropeAid or USAID). If less strict procedures are stipulated by a donor the procedures described in this Manual shall prevail.

Operations funded through the ACT Alliance via a multilateral agreement on the basis of an ACT appeal will not be required to follow the procedures of this Manual, as DCA’s contractual relationship is with ACT and not the partner. However, when a bilateral contractual relationship exists with a partner either in the ACT Alliance or otherwise, the policies and procedures of this Manual shall apply, and shall be annexed to any cooperation agreement.
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# Threshold and Procurement Overview

## Thresholds and Affiliated DCA Procurement Procedures:

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<th>Key Activity</th>
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<td>Up to EUR 9,999 (and in special cases)</td>
<td>Simple Procedure</td>
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<td>EUR 10,000 - 149,999</td>
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<td>EUR 150,000 - 299,999</td>
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| **SERVICES** |                      |              |
| Up to EUR 9,999 (and in special cases) | 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 Procedure | Contact ProLog for instructions and standard documents |
| Above EUR 300,000 | International Open Tender Procedure | Contact ProLog for instructions and standard documents |

| **WORKS** |                      |              |
| Up to EUR 9,999 (and in special cases) | Simple Procedure | See section 8.1 |
| EUR 10,000 - 299,999 | Negotiated Procedure | See section 8.2 |
| EUR 300,000 - 2,999,000 | Local Open Tender Procedure | Contact ProLog for instructions and standard documents |
| Above EUR 3,000,000 | International Open Tender Procedure | Contact ProLog for instructions and standard documents |
## Thresholds and Affiliated Procurement Procedures for EuropeAid only:

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<td>International Open Tender Procedure</td>
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* See EuropeAid Annex IV for the special cases for which the Simple Procedure can be applied to contracts with a value above EUR 9,999 in EuropeAid funded projects.
1 PROCUREMENT POLICY

DCA and partners are administrating entrusted funds and we are accountable to both our beneficiaries as well as public and private donors. Throughout the procurement process DCA and partners shall perform professionally to ensure that funds are spent in a financially and ethically sound manner and with respect for the dignity of the beneficiaries and their right to efficient aid. To ensure that DCA and partners live up to this responsibility all procurement of supplies, services and works, irrespective of the procurement procedure, shall be carried out on the basis of the following General Procurement Principles and Ethical Procurement Principles.

1.1 GENERAL PROCUREMENT PRINCIPLES

The following General Procurement Principles constitute the basis for sound administration of all procurement related activities executed by DCA and partners.

Transparency and Equal Opportunity

Transparency in procurement means that all information related to procurement activities, procedures and opportunities are documented and made visible and accessible to all relevant stakeholders.

Transparency ensures that DCA and partners provide equal business opportunities for suppliers/contractors and ensures that they are treated equally and fairly throughout the procurement process. To promote and ensure equal opportunity amongst businesses, all information related to procurement shall be made visible, accessible and known.

Additionally, transparency in the procurement process can make it easier to detect irregularities and ensure that funds are being honestly spent, accounted for and fairly distributed.

Avoid Conflicts of Interest

A conflict of interest occurs whenever a person deviates from his/her impartial and objective exercise of his/her professional functions and on the contrary misuses the professional position for private, financial or organisational gain, or for the gain of any third party (family, friends, colleagues, etc.). If conflicts of interest are not identified and managed well they may evolve into corruption which shall be avoided at all times.

DCA and partners shall be alert to individual or organisational conflicts of interest and shall avoid getting into situations in which they may have a private interest that could influence their professional performance. DCA and partners are expected to show good judgement and if a conflict of interest arises, it shall be disclosed to the superior authority and appropriate action shall be taken. If in doubt whether a conflict of interest exists, please contact a superior.

DCA and partners shall also be alert to conflicts of interest and/or non-competitive practices by contractors. Procurement shall not take place if a contractor, to the knowledge of DCA or partner, is a member of any of DCA’s or partner’s employees’ immediate family or has any financial interest with a DCA or partner employee.

Anti-corruption

DCA defines corruption as the misuse of entrusted power for private gain. Corruption occurs 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).

1 Deviation from the principle of equal opportunity and transparency is possible if the principle contradicts the efficient use of resources or for security reasons.
DCA staff and partners shall not give or receive any gift, service or favour that may influence the exercise of their professional function and performance. In order to respect local 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 over the countries in which DCA operates, receiving or giving a minor gift is always a matter of context, good judgement and professionalism. Whenever in doubt, contact a superior.

NOTE: For ECHO funded projects unacceptable gifts are defined as having a value above EUR 100 and substantial hospitality such as accommodation and holidays are never acceptable.

DCA staff and partners shall not engage in corrupt practices. To prevent corruption and misuse of finances it is a DCA policy that procurement and payment may never be done by the same person. DCA staff and partners shall reject any bid, or terminate any contract, put forward by corrupt actors. DCA staff and partners shall follow the anti-corruption Policy and are obliged to report all corrupt incidences (taking place in DCA itself, in partner organisations or any other corrupt incidence related to DCA activities) to the DCA Complaints Mechanism. Partners and contractors have to live up to the anti-corruption policy. It is the responsibility of DCA to inform our partners and other relevant stakeholders about this policy.

Best Quality and Value for Money
The principle of best quality and value for money aims at ensuring efficiency, effectiveness and economy in procurement and it is an award criterion which ensures that the optimum quotation/proposal is awarded the contract. The optimum quotation/proposal fulfils the defined needs and the objective of the action with requirements to the following four indicators: satisfactory quality of the supplies/services/works; timely delivery or completion; price corresponding to market prices or lower; and with considerations to human, social and labour rights and the environment.

The award of contracts regardless of the procurement procedure shall always conform to the principle of best quality and value for money.

Support the Local Community
DCA acknowledges that sustainable development is to be built on local human and material resources. In order to support local communities and the development of local and regional markets DCA and partners shall seek to procure locally whenever possible and pertinent.

1.2 ETHICAL PROCUREMENT PRINCIPLES
DCA is an active player on the global market buying various supplies, services and works. As a buying organisation DCA influences the flow and allocation of economic resources and consequently has an impact, whether direct or indirect, on poverty and social and environmental conditions. Thus, DCA and partners have a responsibility to ensure that the way we practice procurement seeks to decrease the ethical risks and supports sustainable development. Ethical procurement is in line with DCA’s general values and goals of empowering “the world’s poorest in their struggle for a dignified life” with “respect for the individual’s human rights and the equal worth of all human beings”.

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.
The following Ethical Procurement Principles are based on international conventions\(^2\), recommendations from the Danish Initiative for Ethical Trade (DIEH) the UN Global Compact Principles and ECHO’s Humanitarian Aid Guidelines for Procurement 2011.

**Human, Social and Labour Rights**

In all procurement DCA staff and partners shall work towards avoiding procurement practices and decisions which negatively affect people’s human, social and labour rights. DCA and partners shall throughout the procurement process consider the impact procurement decisions may have on people’s rights and take the necessary 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.

DCA and partners procurement decisions shall seek to support and promote the following internationally recognised rights: The International Human Rights; non exploitation of child labour\(^3\); freedom to choose employment; freedom of association and collective bargaining; payment of living wages\(^4\); freedom from discrimination in employment; no harsh and inhumane treatment of employees; safe and hygienic working conditions; non-excessive working hours; and securing regular employment\(^5\).

**Weapon Production**

DCA staff and partners shall uphold DCA’s responsibilities and commitment to the Ottawa Convention against landmines and the Convention on Cluster Munitions. DCA and partners shall ensure that we do not use suppliers and contractors who are engaged in any development, sale or manufacture of anti personnel mines and/or cluster bombs or components.

**Transport and Cargo**

When using transport and cargo providers, DCA and partners shall take precautions to avoid providers who are engaged in transport activities which initiate, sustain or exacerbate conflict or other illegal activities. Whenever air transport is required, DCA staff and partners shall give preference to providers who are not on the EU Safety Ban List.

**Protection of the Environment**

DCA wishes to minimise the environmental damage applied to nature via procurement and DCA and partners 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.

The following four main issues are to be considered in the procurement process and in the selection criteria: The choice of transportation and the associated pollution risks; the purchase or use of reusable materials or recycled products whenever possible and pertinent; efficient use of resources, and conservation of scarce resources (water, flora, forest, land, etc.).

**Code of Conduct for Contractors**

Alongside the above mentioned Ethical Procurement Principles DCA’s Ethical Procurement Policy includes the Code of Conduct for Contractors which defines the ethical principles and standards for DCA’s contractors. The Code of Conduct is a mandatory component of DCA’s contracts and shall be signed by all contractors.

It is the contractors’ responsibility to comply with the Code of Conduct. As a general rule DCA does not wish to practice a ‘running and cutting’ practice\(^6\) which does not contribute to actual improvements. We wish to promote

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\(^2\) The full list of international conventions related to the DCA Ethical Procurement Principles can be found in the Code of Conduct for Contractors.

\(^3\) The definition of child labour is found on: [http://www.unglobalcompact.org/AboutTheGC/TheTenPrinciples/principle5.html](http://www.unglobalcompact.org/AboutTheGC/TheTenPrinciples/principle5.html)

\(^4\) 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.

\(^5\) In the Code of Conduct for Contractors the full list of the rights DCA seeks to uphold and promote is found and a thorough description on each matter

\(^6\) 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, and on the contrary it might worsen their situation.
dialogue and positive changes. However, if a contractor does not commit to the Code of Conduct and show will to collaborate and make changes, DCA or partners shall turn down the quote/proposal or consider terminating the Contract. DCA and partners shall always act in accordance with donor requirements for termination of contracts.

1.2.1 Implementation of the Ethical Procurement Principles

To decrease and avoid the ethical risks related to procurement DCA recommends 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 the 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 ahead 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. Also make sure to pay the contractor on time.

- **High risk sectors and countries.** 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/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.

- **When sourcing new contractors it is recommended to gather relevant information on sector and country specific risks.** You may find useful information on the following online resources: www.countryriskportal.org (human rights and risks for businesses – to be launched in 2012); www.hrw.org/publications (Human Rights Watch); www.maplecroft.com (global risks and businesses).

- **Sharing local knowledge.** Sharing local knowledge (through e.g. NGOs, government institutions, trade unions, etc.) on general CSR 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 analysis on contractors.** The sourcing of new contractors shall entail a small scale risk analysis on each contractor’s ethical business performance. 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 for sourcing reasons or other reasons make simple observations on ethical issues also e.g. how are the working conditions? 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.

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7 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.
2 PROCUREMENT RESPONSIBILITIES

2.1 THE DCA PROCUREMENT AND LOGISTICS UNIT, CPH
As a service to our partners and DCA Regional Offices (RO) the DCA Procurement and Logistics Unit in Copenhagen (ProLog) provides assistance and advice on the following procurement tasks at project preparation stage:

- Activity planning.
- The procurement plan.
- Budgeting (identifying storage, transport, spare parts etc.).
- Identifying the need for procurement capacity.
- Identifying if derogations from the procurement procedures are necessary.

At project implementation stage DCA Procurement and Logistics Unit is providing training in the use of the Procurement Manual for partners and procurement staff at RO’s. It is important to stress the need to incorporate the training in the project planning phase (when drafting project budget).

As a general rule DCA Procurement and Logistics Unit is always available to partners and RO’s for any questions they might have on procurement rules and procedures, implementation difficulties, ethical issues and for the provision of standard documents.

When procurement activities are significant, the services of a local logistician or an international consultant may be needed for the practical and local implementation of procurement procedures (paper work, detailed market investigations, contacts with suppliers, filing of procurement documentation). DCA Procurement and Logistics Unit can assist in the identification of experts when required.

Depending on the project DCA Procurement and Logistics 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 (when drafting the project budget).

For global funding projects the level of involvement by DCA Procurement and Logistics Unit shall always be coordinated and agreed with the Global Funding Unit (GFU). For other projects the responsible Project Manager shall coordinate directly with DCA Procurement and Logistics Unit. For procurement carried out by DCA Procurement and Logistics Unit, please refer to the Memorandum of Understanding (MoU) between the HMA Unit and ProLog.

2.2 HUMANITARIAN MINE ACTION
For DCA Humanitarian Mine Action (HMA) programmes all international procurement shall be carried out by DCA Procurement and Logistics Unit (unless otherwise stated in the approved procurement plan), and all local purchases shall be carried out by the field personnel (Procurement Committee).

For procurement carried out by DCA Procurement and Logistics Unit please refer to the MoU between the HMA Unit and DCA Procurement and Logistics Unit.
2.3 DCA PARTNERS AND REGIONAL OFFICES

According to DCA’s decentralisation policy, DCA partners and DCA RO’s (except international procurement for HMA programmes), are responsible for procurement planning and implementation. Authorisations and responsibilities shall be in accordance with the internal rules for the specific partner or RO. Consider carefully if those rules (in particular for award of contracts and for payment procedures) could impact the procurement procedures. It may be necessary to introduce new rules for authorisation and responsibilities in order not to impede or slow down the procurement process.

For all procurement carried out by DCA partners and ROs the DCA Procurement Manual applies.

2.4 PROCUREMENT COMMITTEE

A Procurement Committee shall be established before any procurement activities are initiated. The Procurement Committee shall consist of at least three persons and preferably an odd number.

The main responsibilities of the Procurement Committee are to:

- Ensure that a procurement plan is drafted and that it corresponds to the activity plan.
- Ensure that all procurement requirements are planned for at the beginning of the project.
- Ensure that procurement activities are initiated on time.
- Ensure the collection of quotations and issue purchase orders/contracts.
- Ensure that ethical risks are considered and addressed in the procurement process.
- Ensure that the procurement fulfils donor requirements (e.g. procurement procedures or the Rules of Nationality and Origin).
- Ensure sufficient cash flow.
- Evaluate quotes/proposals. The Procurement Committee is responsible for the evaluation of quotes. It is not a requirement to form an independent evaluation committee for evaluation purposes. For the evaluation of high value tenders (Local and International Open Tenders) it is especially important that the committee possess the necessary technical and administrative expertise to perform the tender evaluation. If the members of the Procurement Committee do not possess the required qualifications, internal or external experts shall be appointed (for the same project the Procurement Committee may use different experts for evaluation of the individual lots depending on the contract category). However, the procurement officer/responsible person shall always be a member of the Procurement Committee as the expert on procurement procedures.

The Three Main Objectives of the Procurement Committee

- Ensure that procurement planning is considered and included in the project planning and cycle and that key project staff understand how the timeframe for procurement will affect the project.
- Ensure that all procurement is carried out objectively in a fair and transparent manner and to prevent conflict of interests and corruption. As a rule procurement and payment may not be done by the same person.
- Ensure that the best quality and value for money is obtained.

NOTE: All members of the Procurement Committee shall sign the Declaration of Impartiality and Confidentiality (The formula is found in Annex GEN 2).
3 PROCUREMENT PROCEDURES

Procurement procedures are the rules and actions that apply to the purchase of a given resource dependent on the contract category and the value of the purchase. Put in a simple way – they are the rules for “how to buy”. Overall this chapter provides an introduction to which procurement procedure to apply according to contract category and value.

In order to select an appropriate procurement procedure for each activity in the Procurement Plan, the Procurement Committee shall first of all consider which contract category the resources belong to and the value of the contracts accordingly. The following two sections provide a short description of the various contract categories, the procurement procedures and thresholds respectively.

For an overview of the thresholds and the affiliated procurement procedures for the contract categories see the tables on page 17+18.

3.1 CONTRACT CATEGORIES

The resources to be procured are divided into the following contract categories:

**Supplies**
Supply Contracts cover the purchase, operational leasing\(^8\), and rental or hire of various kinds of products (including rent of vehicles with or without option to buy). The delivery of products may in addition include siting, installation and maintenance. Note that whenever rental of venues for meetings, conferences etc. is a direct project cost, it is categorised as a supply.

**Service**
A Service Contract is a contract for the provision of a defined service. It covers all intellectual and non-intellectual services other than those covered by Supply Contracts, Works Contracts and Property Contracts.

Service Contracts also comprise the following contract forms:
- A Study Contract is a contract which includes studies for the identification and preparation of projects, feasibility studies, technical studies and audits.
- A Technical Assistance Contract is a contract in which the contractor is called on to play an advisory role, to manage or supervise a project or to provide the consultants specified in the contract.
- Freight Contracts are contracts covering transport of goods from one site to another (unless the freight is included in the Supply Contract).

Rent of a vehicle with a driver is also a Service Contract.

When rental of equipment and venues are direct projects costs it is not considered a Service Contract, but a Supply Contract (e.g., rent of vehicle or conference room). Be aware that some services such as repair of machinery, cleaning services or small scale catering might be considered “running costs” and therefore not subject to procurement procedure.

**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 hence for the Contracting Authority as an employer, rather than merely a party to a contract for the provision of a

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\(^8\) For operational leasing there is no transfer of legal ownership to the lessee. Depending on the contract most risks are held by the owner.
Procurement Procedures

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service. Employment Contracts are not covered by this Manual and are not considered procurement. (See more details in section 6.9.)

Works
‘Works’ means the outcome of building or civil engineering taken as a whole and 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 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, structure or works, such as site preparation, excavation, erection, building, drilling, etc.

Hybrid Contracts
A Hybrid Contract is a combined contract covering supplies, services and/or works. The procurement procedure shall be determined by the part which represents the highest value. E.g. a contract covering supplies and works shall be considered a Supply Contract whenever the value of the supplies in question exceeds that of the works included in the contract and vice versa.

3.2 THRESHOLDS AND THE AFFILIATED PROCUREMENT PROCEDURES

The contract category and value of a contract defines the applicable procurement procedure for a particular purchase. The rules and procedures to be followed get stricter the higher the value of the Contract.

The contract value is determined by the estimated costs of a lot including any additional service or options covered by the Contract. If the Contract establishes a running relationship, for example 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 procurement procedures applicable to procurement carried out by DCA or partners. It is important to stress that it is mandatory to follow procedures for each purchase. Thorough information and guidelines on these procedures are described in the Supply, Service and Works chapters respectively.

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

Simple Procedure
The Simple Procedure is the simplest procurement procedure. This procedure is, as a general rule, applicable when thresholds are of the value EUR 0 - 9,999. In special cases, described in section 4.8.1, the Simple Procedure can be applied for procurement above EUR 9,999.

The Simple Procedure does not require that more than one supplier/candidate is invited to submit a quotation/proposal. However it is important to stress that the price shall correspond with the present market price or lower. This shall always be justified and filed in the procurement file. To prove that the price corresponds with the market price you can e.g. search the internet, refer to recent contracts, or obtain at least three written or non-written quotations. Please ensure that all non-written quotations are put down in writing and filed in the procurement file.

A purchase order or contract shall always be issued for procurement above the value of EUR 2,000. For procurement below EUR 2,000 it is optional to issue a purchase order or contract, but an invoice shall in all cases be received and filed. As this lower boundary allows for more flexibility in issuing purchase orders and contracts under the value of EUR 2,000, it is important to be aware of the risks involved. In order to minimise risks and ensure that suppliers/contractors are aware of the General Terms and Conditions (GTC) and Code of Conduct for
Contractors, in some contexts it may be advisable to issue a purchase order or contract for purchases less than EUR 2,000.

NOTE: For EuropeAid funded projects it is a requirement to issue a purchase order or contract irrespective of the contract value. Make sure always to check donor rules.

**Negotiated Procedure**
The Negotiated Procedure is more formal than the Simple Procedure and is applicable when contracts are of the value EUR 10,000 - 149,999 (10,000 - 299,000 for Works Contracts).

The Negotiated Procedure requires that a minimum of three suppliers/candidates are invited simultaneously to submit a quotation based on a RFQ/RFP. The Contract shall be awarded the most compliant supplier/candidate and for contracts above EUR 30,000 an award notice is required to be published on the DCA website. Letters to all unsuccessful suppliers/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 the Contract.

**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 higher value purchases of EUR 150,000 - 299,000 (300,000 - 2,999,000 for Works Contracts).

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

A specified tender dossier shall be drafted and forwarded to interested suppliers/candidates who then have the opportunity to make a tender request. After the deadline of receiving tenders they shall be opened and announced in the presence of all interested tenderers. Evaluation of the Tenders is fulfilled by the members of the Procurement Committee on the basis of a clearly predefined evaluation grid. The outcome of each member’s evaluation is compared and the best compliant Tender is awarded the Contract. An award notice is required to be published on the DCA website and letters to all unsuccessful suppliers/candidates shall be submitted.

**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 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 (2,999,999 for Works Contracts).
### Thresholds and Affiliated DCA Procurement Procedures:

<table>
<thead>
<tr>
<th>Threshold</th>
<th>Procurement Procedure</th>
<th>Key Activity</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>SUPPLIES</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Up to EUR 9,999 (and in special cases)</td>
<td>Simple Procedure</td>
<td>See section 6.1</td>
</tr>
<tr>
<td>EUR 10,000 - 149,999</td>
<td>Negotiated Procedure</td>
<td>See section 6.2</td>
</tr>
<tr>
<td>EUR 150,000 - 299,999</td>
<td>Local Open Tender Procedure</td>
<td>See section 6.3</td>
</tr>
<tr>
<td>Above EUR 300,000</td>
<td>International Open Tender Procedure</td>
<td>See section 6.4</td>
</tr>
<tr>
<td><strong>SERVICES</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Up to EUR 9,999 (and in special cases)</td>
<td>Simple Procedure</td>
<td>See section 7.1</td>
</tr>
<tr>
<td>EUR 10,000 - 149,999</td>
<td>Negotiated Procedure</td>
<td>See section 7.2</td>
</tr>
<tr>
<td>EUR 150,000 - 299,999</td>
<td>Local Open Tender Procedure</td>
<td>Contact ProLog for instructions and standard documents</td>
</tr>
<tr>
<td>Above EUR 300,000</td>
<td>International Open Tender Procedure</td>
<td>Contact ProLog for instructions and standard documents</td>
</tr>
<tr>
<td><strong>WORKS</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Up to EUR 9,999 (and in special cases)</td>
<td>Simple Procedure</td>
<td>See section 8.1</td>
</tr>
<tr>
<td>EUR 10,000 - 299,999</td>
<td>Negotiated Procedure</td>
<td>See section 8.2</td>
</tr>
<tr>
<td>EUR 300,000 - 2,999,000</td>
<td>Local Open Tender Procedure</td>
<td>Contact ProLog for instructions and standard documents</td>
</tr>
<tr>
<td>Above EUR 3,000,000</td>
<td>International Open Tender Procedure</td>
<td>Contact ProLog for instructions and standard documents</td>
</tr>
</tbody>
</table>
Thresholds and Affiliated Procurement Procedures for EuropeAid only:

<table>
<thead>
<tr>
<th>Threshold</th>
<th>Procurement Procedure</th>
<th>Key Activity</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>SUPPLIES</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Up to EUR 9,999 (and in special cases)*</td>
<td>Simple Procedure</td>
<td>See section 6.1</td>
</tr>
<tr>
<td>EUR 10,000 - 59,999</td>
<td>Negotiated Procedure</td>
<td>See section 6.2</td>
</tr>
<tr>
<td>EUR 60,000 - 149,999</td>
<td>Local Open Tender Procedure</td>
<td>See section 6.3</td>
</tr>
<tr>
<td>NA</td>
<td>International Restricted Tender Procedure</td>
<td></td>
</tr>
<tr>
<td>Above EUR 150,000</td>
<td>International Open Tender Procedure</td>
<td>See section 6.4</td>
</tr>
</tbody>
</table>

| **SERVICES** | | |
| Up to EUR 9,999 (and in special cases)* | Simple Procedure | See section 7.1 |
| EUR 10,000 - 199,999 | Negotiated Procedure | See section 7.2 |
| NA | Local Open Tender Procedure | |
| Above EUR 200,000 | International Restricted Tender Procedure | Contact ProLog for instructions and standard documents |
| NA | International Open Tender Procedure | |

| **WORKS** | | |
| Up to EUR 9,999 (and in special cases)* | Simple Procedure | See section 8.1 |
| EUR 10,000 - 299,999 | Negotiated Procedure | See section 8.2 |
| EUR 300,000 - 4,999,999 | Local Open Tender Procedure | Contact ProLog for instructions and standard documents |
| NA | International Restricted Tender Procedure | |
| Above EUR 5,000,000 | International Open Tender Procedure | Contact ProLog for instructions and standard documents |

* See EuropeAid Annex IV for the special cases for which the Simple Procedure can be applied to contracts of a value above EUR 9,999 in EuropeAid funded projects.
4 PROCUREMENT PLANNING

Thorough and timely procurement planning is crucial. For each project it shall be determined: which supplies, works and services are required to carry out the project; when they shall be delivered; the standards needed; and which procurement procedure shall be followed for each contract. Lack of procurement planning may result in waste of funds and serious delays in implementation and may have ethical consequences.

Overview of the General Procurement and Planning Process:

<table>
<thead>
<tr>
<th>Project planning stage</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Establish the Procurement Committee</td>
</tr>
<tr>
<td>• Prepare the Procurement Plan</td>
</tr>
<tr>
<td>• Identify required supplies/services/works</td>
</tr>
<tr>
<td>• Conduct market survey</td>
</tr>
<tr>
<td>• General procurement considerations</td>
</tr>
<tr>
<td>• Group supplies, services and works into lots</td>
</tr>
<tr>
<td>• Draft technical specifications/TOR</td>
</tr>
<tr>
<td>• Request for derogation(s) - if needed</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Implementation stage</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Post the Advertisement of Business Opportunities</td>
</tr>
<tr>
<td>• Complete technical specifications/TOR</td>
</tr>
<tr>
<td>• Procurement of supplies, services and works through procurement procedures</td>
</tr>
<tr>
<td>• Update procurement plan</td>
</tr>
<tr>
<td>• Identify needs for next procurement period</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Finalisation</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Final procurement plan</td>
</tr>
<tr>
<td>• Finalize procurement documentation</td>
</tr>
<tr>
<td>• Fill in procurement documentation template</td>
</tr>
</tbody>
</table>

4.1 THE PROCUREMENT PLAN

The Procurement Plan shall answer the questions of what to buy, when to buy, estimated prices and how to buy. See the sample of a general procurement plan in Annex GEN 7-3. The Procurement Plan shall include considerations to the issues mentioned in the following sections 4.2 – 4.12. When preparing the procurement plan use the template in Annex GEN 7-1.

A procurement plan shall be drafted as a part of the project application even if not required by the donor. This is to ensure that all procurement and logistic costs are included in the budget and that procurement time constraints are considered in the activity plan. It is the responsibility of the Procurement Committee to ensure that the Procurement Plan is prepared.

As special rules apply for EuropeAid funded projects you will find a separate template for a EuropeAid Procurement Plan in Annex GEN 7-2.
Step 1: Identify Required Resources and Costs

First it shall be established which resources are required (supplies, services, works) and what to buy. At this stage it is important to determine the minimum technical specifications (see section 4.13.1). Moreover considerations regarding the use of e.g. HPCs, community involved procurement, Framework Contracts, vouchers etc. shall be integrated in the procurement plan.

When preparing the budget considerations for logistics such as local transport, clearance, import costs, insurance, warehousing and distributions, is also required. (See Annex SUP 9 for Guidelines on Transport and Storage.)

For products with a limited shelflife it may be necessary to plan for partial deliveries which will increase the freight costs.

For Works Contracts an engineer may be required to supervise the works of the contractor and include the costs in the budget.

For Service Contracts the field of expertise required shall be determined.

Any ethical risks related to the specific product or service, or related to the specific sector or country shall be considered. Relevant information can be obtained from the portals mentioned in section 1.2.1. or local NGO trade organisations etc. can be contacted for sharing local knowledge. If reasons for concern exists alternative procurement options shall be considered. Future candidates shall be provided with information on DCA’s ethical requirements and standards in the Code of Conduct for Contractors (see Annex 4-1).

Step 2: Local Market Survey

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

- The local availability of the required supplies, services and/or works. The market survey shall answer basic question regarding prices, local trade customs, availability of resources and the quality of the local supplies. At this stage possible contractors shall be mapped and registered using the format in Annex GEN 6.

- The availability of local suppliers and contractors and their record and reputation.

- The existing import regulations and restrictions. Once it has been established which supplies need to be imported, the local customs authority and a clearing agent shall be contacted to investigate the procedures for importing supplies and if the required supplies require import licence or other related documentation. To avoid delays it is important that import regulations and restrictions are carefully investigated for all types of supplies. This is particularly important when procuring pharmaceutical products, medical equipment, radio and satellite communication equipment, mine detectors, plastic explosives, food, etc.

- The need for local transport and storage and costs for customs clearing.

- The social, labour and environmental risks related to the supplies, service or works to be procured? The obtained information helps identify; high risk sectors, countries, suppliers; the necessity to seek alternative procurement options; if special requirements to ethical standards are to be included in the selection criteria (e.g. certifications); need for dialogue with suppliers; and if it is necessary to exclude some suppliers for ethical reasons (e.g. use of child labour), etc.

- The need for derogations from procurement procedures. Once all the above mentioned information has been collected it shall be determined which derogations may be needed. Be aware of the time constraints and resources involved.
Step 3: Grouping of Lots

Preparing lots is the process of grouping similar items which can be purchased from one supplier in order to obtain the best prices for the supplies, services and works required for a project. Start out by dividing the resources into the three categories of supplies, services, and works, and further group the goods into lots and sublots.

The grouping of lots has several advantages: it enables the suppliers to quote lower prices; it reduces efforts and costs of preparing the purchasing process; it is time saving; it reduces overhead costs (frequent advertising, bookkeeping, logistics etc.); and it is cost saving for the Contracting Authority.

Grouping of lots does though have some disadvantages also which shall be taken into account at the project planning stage and the related costs shall be included in budget and the Procurement Plan. The disadvantages are: increased demand for storage facilities, increased demand for liquidity, and the requirement of careful planning.

Artificial splitting of lots to avoid a stricter procedure is not allowed.

Example: The Grouping of Lots

SUPPLY:
Lot 1) Field equipment:
Camp beds, sleeping bags, mosquito nets, tents, chairs, lamps.

Lot 2) Computer equipment:
Laptop, printer, toner, UPS, router, keyboard.

Lot 3) Workshop materials:
Pen, pencils, flip chart, file folders.

Lot 4) Medical equipment:
Stretcher, oxygen tank, stethoscope, sterilizer.

Lot 5) Generator:
Five diesel generators including delivery to site, installation, spare part package and after sales service for two years.

SERVICE:
Lot 6) Engineer:
Service Contract for supervision of the works (lot 7).

WORKS:
Lot 7) Tube wells:
Works Contract for the construction and delivery of tube wells with pumps.

Sub lots

For a lot with e.g. construction material it may be pertinent to make sub lots in the RFQ/Tender Dossier and specify herein that the supplier can quote for one or all lots and the Contracting Authority reserves the right to award the contract(s) by lot. Only one RFQ/Tender Dossier is issued, but several suppliers may be contracted. The advantage is cost saving since some suppliers may only be able to quote for some of the lots. The supplier quoting the lowest price per lot can thus be contracted, instead of the supplier with the overall lowest price. The disadvantage is the administration of more than one contract.
Step 4: Procurement Procedure

The applicable procurement procedure is determined by the contract category and the total value of each purchase. See section 3.2 for an overview of the procurement procedures. For a thorough description of the procedures go to the Supply, Service or Works chapters respectively.

Step 5: Timeframe Considerations

For the overall duration of the project, the timeframe for carrying out each procurement procedure shall be taken into account i.e. time for advertising, preparing technical specifications/Terms Of Reference (TOR), issuing Request for Quotation (RFQ) or Request for Proposal (RFP), evaluation etc. Note that procurement time constraints are too often underestimated.

Timely and thorough planning can help prevent the placement of last minute contracts or changes to existing contracts which may influence the contractors’ ability to comply with the ethical principles and standards outlined in the Code of Conduct for Contractors.

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

<table>
<thead>
<tr>
<th>Procurement Procedure</th>
<th>Bid flow</th>
<th>Total timeframe for procedure</th>
<th>Supplier's delivery time to site</th>
</tr>
</thead>
<tbody>
<tr>
<td>Simple Procedure</td>
<td>NA</td>
<td>1 - 2 weeks</td>
<td>Shall be added</td>
</tr>
<tr>
<td>Negotiated Procedure</td>
<td>Recommended 14 days</td>
<td>3 - 8 weeks</td>
<td>Shall be added</td>
</tr>
<tr>
<td>Local Open Tender Procedure</td>
<td>Minimum 21 days</td>
<td>10 - 14 weeks</td>
<td>Shall be added</td>
</tr>
<tr>
<td>International Open Tender Procedure</td>
<td>Minimum 30 days</td>
<td>13 - 18 weeks</td>
<td>Shall be added</td>
</tr>
</tbody>
</table>

Step 6: Specific Donor Requirements

For each project it is important to investigate the specific donor requirements for procurement. This Manual represents the DCA minimum procurement requirements which shall be followed. If stricter procurement procedures are stipulated by a donor, then the donor requirements shall prevail. E.g. a donor may have specific requirements in respect to the country of origin of supplies, or have a lower threshold for Open Tender Procedures. If the donor has less strict requirements for procurement, then the procedures described in this Manual shall prevail.

Be aware of the EuropeAid Rules of Nationality and Origin.

Step 7: Request for Derogations

Based on all the information collected (step 1-6), it may be necessary to request derogations from the DCA Procurement Manual and/or from donor requirements. For further information on derogations see section 4.8.

4.2 GENERAL CONSIDERATIONS

- For each project activity, clearly identify the required supplies, services and works.

- For hybrid contracts (mix of supplies, services and/or works), determine which component has the highest value in order to determine the procurement procedure. For hybrid contracts you shall also take into
consideration which type of contract, i.e. Works, Service or Supply Contract that will best meet your requirements.

- Investigate and map availability and prices for the required supplies and availability of required consultants and contractors.

- Investigate the ethical risks that exist for the procurement of the required supplies, services or works and integrate the findings in the procurement process. The portals mentioned in section 1.2.1 provide useful information on ethical risks.

- Establish whether it is beneficial to use Framework Contracts for some of the supplies/services (see section 4.10).

- Investigate local import rules and regulations for the required supplies and take into account the time required to obtain all necessary approvals and licences.

- For works, consider carefully all legal aspects described in section 8.3 and 9.

- Understand the procurement procedures presented in this Manual and consider the time required to carry out the procurement.

- Prepare a procurement plan (complete the template in Annex GEN 7-1 and 7-3 for EuropeAid funded projects 2-2).

- Determine the applicable procurement procedure according to contract category and contract value. See chapter 3 for an overview or the Supply, Service and Works chapters respectively. The Procurement Committee shall take notice if stricter procurement procedures are stipulated by the donor than the ones outlined in this Manual.

- Carefully consider the logistics e.g. can all the goods be delivered in one go to the project site? Is security for theft in place or is it necessary to arrange for warehousing facilities with guards? Remember to include all such costs in the budget.

- Conduct an assessment of the procurement capacity by answering the questions presented in Annex GEN 5. Is a procurement consultant required?

- Identify capacity building needs and include these as expense items in the project proposal e.g. consulting services from a procurement expert, an accountant or a bookkeeper for a certain number of days per year, training expenses for the procurement and financial management staff etc.

- Identify if translation of this Manual and/or relevant annexes into local languages is needed and if possible include this in the budget and procurement plan.

### 4.3 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 context, the procurement principles and donor demands, it is important to carefully consider the advantages and disadvantages of the three below scenarios and select the most suitable. The decision shall be clearly indicated in the procurement plan.

a. **Shall each partner carry out its own procurement?**
   
   This may be favourable in situations such as: partners are situated in remote areas, supplies can be sourced from the local community, the market is characterised by many small suppliers with limited capacity, and there is no economic advantage in making a joint purchase.

b. **Shall the 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. An example is from an ECHO project with three partners 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 urban based partners would procure the vehicle, water pumps and spare parts on behalf of the small NGO for reasons of low procurement capacity and remoteness.

c. **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 for other products to be procured separately.

**NOTE:** The applicable procurement procedure is dictated by the total lot value and is therefore the same for all three scenarios.

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**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 value of the procurement is EUR 12,500 and the Negotiated Procedure shall be applied. If it is decided to use separate partner procurement the procedural consequence is that all partners shall implement a Negotiated Procedure even though they are procuring only one generator individually. Please refer to the definition of lots in step 3 in section 4.1.

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**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. 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.

**NOTE:** Check specific donor requirements on multi country projects.

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### 4.4 CONSORTIUM PROJECTS

A consortium project is defined as an entity with a lead agency and several often international consortium members (INGOs). The lead agency and the INGOs may have several implementing partners each. This model can be rather complex and requires significant preparation in the design of the organisational setup.

There are several issues to be considered when planning procurement activities in a consortium project:

- Which procurement guidelines shall apply and the related implications?
- What is the partners’ capacity, is there a need for capacity building and what are the staff requirements?
- Considering the project context, shall procurement be centralised or be undertaken separately by each consortium member and it’s partner(s) or a combination?
- Shall joint or individual procurement plans be developed?
- How and where shall the Procurement Committees be organised?
- What are the monitoring and reporting requirements of the lead agency?

It is important to ensure that decisions resulting from the above discussions are captured in the Memorandum of Understanding (MOU) summarising the commitments and responsibilities of each consortium member. If DCA is the lead agency it is recommended that the DCA Procurement Manual is applied by all members.

### 4.5 CASH GRANTS, VOUCHERS AND SUB GRANTS

The use of cash grants, vouchers and sub grants in projects are recognised as methods to respond to a wide range of humanitarian needs by offering greater choice to beneficiaries and help foster dignity in the receipt of assistance.
For both cash grants, vouchers and sub grants the maximum amount of financial support to be distributed cannot exceed EUR 100,000 per agreement (project/action) with a maximum of EUR 10,000 per beneficiary. Additionally cash grants, voucher and sub grants cannot be the main aim of a project, but shall be an additional component to other project activities.

**Cash Grants**
A cash grant is defined as unconditional cash and it is tied to the provision of money to individuals or households. This can either be as emergency relief intended to meet basic needs for food and non-food items or services, or it may have the aim of beneficiaries buying assets essential for the recovery of their livelihoods.

Cash grants are not considered to be procurement and are therefore not subject to procurement procedures.

Please note that the conditions for implementing cash grants shall be strictly defined and justified in the Single Form for ECHO funded projects.

**NOTE:** Please always check specific donor requirements.

**Vouchers**
Vouchers are also defined as unconditional cash and they provide access to predefined commodities or services for beneficiaries. They can be exchanged in designated shops or in fairs and markets. The vouchers may be denominated either in cash, commodity or service value. These are described respectively as commodity based, service based or value based vouchers. Combined vouchers also exist.

For commodity and service based vouchers two scenarios exists:

a. The beneficiaries receive commodity/service vouchers from which they are free to purchase a mix of predefined commodities or services at many different locations (the beneficiary chooses which). In this case no procurement procedure applies, but a small market survey and preliminary selection of suppliers in order to assure quality, transparency and ethical standards shall be carried out.

b. The beneficiaries receive commodity/service vouchers where the quantity of the commodity/service is predefined and the purchase tied to a limited number of predefined suppliers (selected by the Contracting Authority). In this case a contract is established with the suppliers indicating the type, quantity, price and delivery conditions of the goods/services and appropriate procurement procedures shall be applied according to contract value.

Value based vouchers are not considered to be procurement as it is not tied to a set of predefined commodities or services and shall be handled as cash grants accordingly.

**Sub Grants**
A sub grant is a grant given to a third party (beneficiary) of a EuropeAid funded project. EuropeAid considers sub grants to be procurement and subsequently the DCA Procurement Manual and EuropeAid Annex IV shall be adhered to. Please note that the conditions for implementing sub grants shall be strictly defined and justified in the Grant Contract with EuropeAid.

### 4.6 COMMUNITY INVOLVEMENT

Community involved procurement is defined as the participation of beneficiaries in the procurement process and is governed by the procurement procedures laid down in this Manual as well as donor requirements.

**Use of Community Involved Procurement**
Community involvement is not limited to products found in the rural areas, also referred to as local 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 it. Typical items are: village products such as
bamboo, paddy seeds, indigenous variety of seeds, sand, bricks, boats, nets, livestock, fishlings 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 price and making a decision on what to procure. This requires membership by the beneficiaries of the Procurement Committee.

Please note that the legal relationship shall be between the partner and the supplier. Consequently, it is only DCA or the partner who can place the Purchase Order/Contract.

**Planning of Community Involved Procurement**
Planning of community involved procurement is an integrated part of preparing a 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 thoroughly consider the suitability and how to organise and manage this activity.

Please address:
- If more suitable alternatives exist such as cash grants, sub grants or vouchers which could facilitate the same without a DCA procurement procedure?
- 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. This will allow the donor to pre-approve the approach and the items will not be subject to the DCA procurement procedures.
- 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 from the community by the community or to organise the procurement through the creation of procurement committees etc.
- How to avoid conflicts of interest e.g. preventing procurement committee members from purchasing from family and friends and from becoming suppliers themselves?

Please observe that beneficiaries shall not use own cash subsidies to purchase a more expensive livestock or item than the one selected through a procurement procedure. A different livestock or item from the selection in the procurement procedure will be deemed ineligible for DCA funding.

The DCA Procurement and Logistics Unit may be consulted for further guidance and advice on community involvement in procurement.

### 4.7 USE OF OWN VEHICLES
If a partner organisation wishes to utilize all or part of a vehicle rental budget line on a vehicle from their own existing fleet (as distinguished from commercial rental) for a specific period of time, only running costs for such vehicles are eligible. This is not considered to be procurement and shall thus not be included in the Procurement Plan, but shall be specified in the project proposal.
The following information shall be established at project start and filed to report:

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

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 commercial quotations.

The vehicle in question shall be dedicated to this project only during the time period indicated to avoid a complex monitoring procedure. Proper records of the vehicle’s activities on the project will need to be kept through use of a log book (showing location and purpose of the vehicle’s movements) as well as fuel receipts.

At this point the ‘use of own vehicle’ technically falls outside procurement, but from experience those involved in procurement (DCA and partner staff) shall continue to monitor such transactions as it is unlikely to be addressed by another department.

4.8 DEROGATIONS
To request for derogation means to ask for an exemption from a rule or request to waive a rule.

Any derogation from the rules and procedures established in this Manual is subject to written approval from the authorised Head of Procurement at DCA Procurement and Logistics Unit, who will deal expeditiously with any request accompanied with proper justification.

For EuropeAid funded projects derogation can only be granted by the European Commission or the local EU Delegation. A written request shall be drafted with the assistance of DCA Procurement and Logistics Unit and shall be submitted to the Commission or the local EU Delegation by DCA Global Funding Unit.

Whenever possible the request for derogation shall be included in the project application.

Derogations from procurement procedures can be granted on the basis of:

- Security reasons.
- Operational reasons.
- Technical reasons (e.g. only one supplier due to patent).
- Quality reasons.
- Ethical reasons.
- Shortfall or unavailability of the supplies on the market.
- Cost or delays due to transport.
- Local legislation.
Example: Derogations
SECURITY REASONS
In a civil society project, funded by Danida, derogation was requested to deviate from the requirement of posting an Advertisement of Business Opportunities due to the risk this imposed to the project partner, as the project was dealing with politically sensitive issues. Derogation granted from the Head of DCA Procurement and Logistics Unit based on security reasons.

TECHNICAL REASONS AND LOCAL LEGISLATION
For an ECHO project in Bangladesh derogation was requested to negotiate with one single supplier for the purchase of fertilizer as the supplier was appointed by the Bangladesh government. Derogation granted from the Head of DCA Procurement and Logistics Unit based on the technical reasons prevailing in the market in Bangladesh.

THE RULE OF ORIGIN
In a EuropeAid project in Russia derogation was requested on the Rule of Origin as in the Russian market it is not possible to procure computer equipment of a reasonable quality originating in the eligible countries. Derogation granted from the Delegation of the European Commission to Russia.

4.8.1 Automatic Derogation to Apply the Simple Procedure
In special cases automatic derogation is granted to apply the Simple Procedure for contracts above EUR 9,999 – irrespective of the contract value. A prior approval from the DCA head of Procurement and Logistics Unit is not required.

These special cases are restricted to and reserved for:

a. Urgent operations. Urgent operations are those intended to meet 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 urgency also includes any situation, duly justified, in which the implementation of the humanitarian aid operation has to start immediately and the delay incurred by putting procurement contracts out to tender would put lives at risk.

   The concept of urgency cannot be based on circumstances that can be attributed to the Contracting Authority.

   The Procurement Plan shall always present the urgency in operations and reasons that prevented a larger consultation. If more restrictive procurement procedures are stipulated by a donor for urgent operations they shall prevail.

   Please be aware that for ECHO funded projects an urgent action shall be identified as such in the Grant Agreement. If not, automatic derogation is not granted.

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, provided that the original terms of the Contract are not substantially altered.

c. Whenever, for technical or operational reasons or for reasons connected with the protection of exclusive rights, the Contract can be awarded only to a particular economic operator.

d. For additional Contracts consisting of the repetition/renewal of services, works or supplies entrusted 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 elapsed from the award of the first Contract shall not be longer than one year. As a maximum contracts can be renewed twice on these grounds.

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 humanitarian operation, provided that the aggregate amount of additional supplies, works or services does not exceed 50% of the value of the initial Contract.
f. For Property Contracts (renting of property only), after prospecting the local market.
g. Contracts in respect of purchases on particularly advantageous terms, either from a supplier who is definitely winding up its business activities or from the receivers or liquidators of a bankruptcy, an arrangement with creditors, or a similar procedure.
h. For individual purchase orders based on a Framework Contract (see section 4.10).
i. Purchases from Humanitarian Procurement Centres (see section 4.9.1).

The decision to use the Simple Procedure in these special cases shall be based on strong and convincing justifications. These justifications shall be documented and filed in the procurement file.

4.9 CENTRAL BUYING OFFICES
A Central Buying Office, or Buying Agent, is a professional organisation/entity offering supply chain management related services to humanitarian organisations. It may also be a procurement department of a humanitarian organisation which handles the organisations supply chain management and provides services for other humanitarian organisations.

When awarding a contract to a Central Buying Office it shall always be in accordance with the applicable procurement procedure for that particular Supply or Service Contract. Long term relationships with Central Buying Offices shall be established on the basis of a Framework Contract. For further information on Framework Contract see section 4.10.

It is the responsibility of the Contracting Authority to validate the financial viability of the Central Buying Office and ensure that proper procurement procedures (which live up to ECHO requirements) are followed and quality requirements are met (e.g. prequalification of pharmaceuticals/suppliers). This shall be stipulated in the Contract.

For DCA and partners the use of Central Buying Offices is limited and often related to the procurement of foods, pharmaceuticals and medical devices. For the procurement of these products DCA strongly recommend that ECHO recognised Humanitarian Procurement Centres (HPC) are approached. This ensures that procurement of these products is as safe and efficient as possible and it simplifies procedures. (When procuring from an HPC the Simple Procedure always applies.)

4.9.1 Humanitarian Procurement Centres
A Humanitarian Procurement Centre (HPC) is an 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. HPCs foremost provide services within stockholding, non-stockholding and/or consultancy services for the following products/services: pharmaceutical products, medical devices, veterinary, foods, water and sanitation, engineering, shelter, telecommunication, transport and administration.

The overall purpose of an HPC is to facilitate efficient and safe procurement of quality products and to reduce costs for Contracting Authorities. To be recognised as an HPC, ECHO assesses the procurement rules and procedures, and the financial and operational capabilities of those entities. The HPCs are signatories to the HPC Charter which guarantees common standards and commitments amongst HPCs. This includes commitments to uphold the mandatory principles of procurement set out in ECHO Annex IV. An HPC is validated by ECHO at least every second year.

Please note that even though a 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, via the contractual relation, to reassure that the HPC lives up to its responsibilities.

A register of ECHO validated HPCs is accessible from:
Recommendation
It is strongly recommended that DCA and partners use HPCs for the procurement of pharmaceuticals and medical devices.

Contract Category and Procurement Procedure
When procuring from an HPC the contract category depends on the object to be purchased. Whenever purchasing a product\(^9\) e.g. a pharmaceutical product from an HPC it is a Supply Contract and when purchasing a consultancy service\(^10\) it is a Service Contract.

When placing orders with an HPC, irrespective of the Contract value, the Simple Procedure applies.

Contractual Relations
There is no contractual relation between the European Commission and the HPC. The contractual relation is solely between the Contracting Authority and the HPC and it is governed by the Contract signed by them.

An 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 a maximum of 7\% of the total direct costs. The contractual arrangements concluded between DCA or partner and the HPC shall include the necessary provisions in this respect and shall allow the identification of the different costs. DCA and partners only need to be in possession of procurement documentation for the relationship between the HPC and themselves. It is not necessary for DCA and partners to request supplementary documentation relating to the relationship between the HPC and its suppliers e.g. Framework Contracts, insurance invoices, transport documentation etc.

Entering a Contract with an HPC
When entering a contract with an HPC the templates for Supply or Service Contracts in the SER and SUP Annexes are to be applied. Adjust the contract to the specific procurement task and make sure that the following issues are carefully considered and implemented in the contract:

- The HPC shall ensure the identification/breakdown of the different costs in the invoice.

- The HPC shall be able to certify that it is recognised as an HPC by ECHO and follow 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 ECHO may cancel the registry of the Contractor as an approved HPC.

- Delay in shipment/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 thorough technical specifications and TOR’s to the HPC.

- Avoid additional costs such as bank guarantees or payment interests as these are non-eligible costs.

- When awarding the contract, mention the source of funding.

**NOTE:** If an HPC fails to meet the required quality standards or procurement procedures this shall be noted and reported to ECHO.

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\(^9\) The HPC can either be stockholding or non-stock holding. In the latter case the HPC will be purchasing a product on behalf of the Contracting Authority. This is a Supply Contract.

\(^10\) A Service Contract with an HPC involving a consultancy service never involves procurement of products on behalf of the Contracting Authority (this is instead a Supply Contract).
4.10 FRAMEWORK CONTRACTS

A Framework Contract is 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 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. Contracts, under a Framework Contract, shall be awarded in accordance with the terms laid down in the Framework Contract.

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.

Framework Contract does not need to be tied to a specific project or action and it can only be used for the purchase of service or supply (often it is related to office purchases). It is not possible to have a Framework Contract for works.

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

Please ensure availability of an updated list of all Framework Contracts in force and all Contracts/Purchase Orders placed on the basis of a Framework Contract shall be kept 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 of contractors shall be at least three.

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

**NOTE:** In sectors subject to rapid price changes or technological developments (computers, software, cell 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**

Entering a five year Framework Contract for demining tools within an estimated contract value of EUR 50,000 per year, the total value of the Contract is EUR 250,000 and the applicable procurement procedure is a Local Open Tender.
4.11 RUNNING COSTS
In general running costs are defined as recurring purchases/costs e.g. each week or month and are often related to office procurement. For running costs no procurement procedure applies and purchases are not to be included in the Procurement Plan. Sound financial management shall however be applied and the market shall be checked to ensure the principle of best quality and price. Proper documentation shall be filed at all times.

Running Costs (No Procurement Procedure Applies)
E.g.: rent of office buildings, coffee/tea/water, representation gifts, fuel, maintenance of existing vehicles/motorbikes-premises, repair of machinery, cleaning articles, electricity, newspapers/magazines/books, postage/packing, stationeries (each purchase below EUR 500), insurance on e.g. warehousing, financial services (transfer charges, bank guarantees, consultancy etc), accommodation, catering, internet connections, phone subscriptions, cleaning services, repeated small amounts of medicine e.g. headache pills etc.

For running costs of higher value it is recommended to follow procurement procedures in order to get the best quality and value of e.g. internet connections, flight tickets, security services, insurances, phone subscriptions etc.

Not a Running Cost (Procurement Procedures Apply)
E.g.: phones/mobile phones, computers, vehicles, copy machinery, vacuum cleaner, washing machine, furniture, copy paper, malaria medicine etc.

NOTE: These are DCA guidelines - if donor rules are stricter these shall prevail.

4.12 ADVERTISEMENT AND SOURCING
The obtainment of a broad methodology to source new suppliers and contractors is essential to create transparency, equal opportunity and ensure that the best quality and price is obtained for a given Supply, Service or Works Contract.

4.12.1 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 contractors about the business opportunities offered in the project. This is mandatory irrespective of the different applicable procurement procedures (see Annex GEN 8, Template for Advertisement of Business Opportunities). Advertising will help the Procurement Committee to source new suppliers and contractors.

The purpose of the advertisement is to:
- Inform everyone about the business opportunities available.
- Promote transparency and accountability.
- Generate competition to obtain the best quality and price.
- Provide the programme with new potential suppliers and contractors.

Advertisement shall be made in the relevant local or regional newspapers (which normally have such advertisements).

If newspapers, or other printed media, are not available or do not provide the best advertisement platform, an advertisement can also be posted on the internet, on a notice board in front of the local office, at the local market or in other relevant public places. The local radio station can also be contacted to make an advertisement.

Visibility of the General Terms and Conditions and Code of Conduct for Contractors
In order to make future suppliers and contractors aware of the General Terms and Conditions (GTC) and Code of Conduct for Contractors it is recommended that these documents are made visible at the DCA ROs and at partners’ compounds (e.g. on a notice board).
4.12.2 Sourcing

In addition to the mandatory Advertisement of Business Opportunities the following list gives examples of common methods to source new suppliers and contractors.

Internet

Local suppliers can also be found through the Internet, on portals like www.google.com, http://dihad.org/, http://www.businessinafrica.net, www.aidandtrade.com, and other national portals. Contact the local embassy (ies) or representative(s) they will most likely have some useful local internet addresses.

Local Chamber of Commerce

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

Trade Organisations

Search the market for local trade organisations. Posting the Advertisement of Business Opportunities and Tender Notices in trade magazines/journals is an effective way of sourcing qualified suppliers and contractors. Contact the embassy or representative. They will most likely have some useful information on trade organisations.

References from other Local Based Organisations or Companies

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

Yellow Pages

Look at the local Yellow Pages or similar directories online as well as printed.

Trade Fairs or Exhibitions

Visit relevant trade fairs e.g. for medical devises: http://www.medica-tradefair.com/.

Databases

At some DCA ROs or partner organisations a supplier and contractor database is available from which suppliers and contractors can be identified. Also the DCA database ADMIND will be able to provide information on suppliers.

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 a 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 6.5.2 and the template for Advertisement of Business Opportunities for Medical Devices is found in Annex SUP 1.

Ethical Considerations

When sourcing new suppliers and contractors it is recommended to obtain general information on sector and country specific risks in order to identify which ethical issues could be of concern. The Procurement Committee shall ensure that a small scale risk analysis on the candidates ethical business performance e.g. CSR policy, health policy, ISO or SA8000 certifications etc. is carried out. The findings shall be documented and integrated in the selection of suppliers and candidates.

4.13 TECHNICAL SPECIFICATIONS AND TERMS OF REFERENCE

Technical specifications and Terms of Reference (TOR) define the characteristics required of a product, service or works taking into consideration the purpose for which they are intended. Thorough preparation of the Technical Specifications for supplies and works or TOR for services is extremely important for the ultimate success of the project.
Poorly drafted Technical Specifications or TORs may result in inefficient repetition of procurement procedures which will delay implementation. It may also result in the receipt of inadequate or incorrect equipment or services which can reduce the quality of the projects.

In the process of preparing the Technical Specifications and TORs it is advisable to consult all relevant parties involved in the project proposal as well as ensure the necessary assistance from the required technical experts.

4.13.1 Technical Specifications
Precise and clear technical specifications are prerequisite for suppliers to respond realistically and competitively to the requirements of the Contracting Authority. Clear technical specifications also help the supplier to plan ahead and comment on the Contracting Authority’s requirements. In addition this may have a positive effect on suppliers’ ability to comply with the ethical principles and standards.

Technical specifications, including the characteristics and requirements related to a product or works includes requirements of:
- Quality levels.
- Environmental or social requirements e.g. certifications.
- Design for all requirements.
- Levels and procedures of conformity assessment.
- Fitness for use, durability and validity.
- Safety.
- Other dimensions, e.g. for supplies; the sales name and user instructions, and, for all contracts; terminology, symbols, testing and test methods, packaging, marking and labelling, production procedures and methods.

Care shall be taken when drafting technical specifications to ensure that they are not restrictive to a specific brand. In technical specifications for materials, equipment, workmanship and other supplies, 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.

For Works Contracts the Procurement Committee shall use an engineer or staff member with a technical background and experience in the field to draft the Technical Specifications. If an external engineer shall supervise the works, the Technical Specifications shall be drawn up in cooperation with him/her.
Examples: Technical Specifications

PROCUREMENT OF CEMENT
For a project in Sri Lanka the following technical specifications were applied and information requested from interested suppliers.

Description: Cement in 50kg bags for use in foundation, production of concrete blocks and construction of housing

- Please state type/material of bag/packing.
- Quality in accordance with Standard SLS 107 or equivalent standard. A copy of the certification shall be submitted with the offer.
- A technical data sheet shall be submitted with the offer.
- Specify quality certificates held by the company.
- Please state name of manufacturer.
- Please state brand name.
- Please state country of origin.
- Stock available upon submission of bid and location of stock (a separate document can be attached).

PROCUREMENT OF HOES
Often the project report will only state “hoe” in the Technical Specification. Even for a small item as a hoe it is important to describe the length, thickness, material of handle, material of the hoe.

As an example a project in which only "hoe" was written in the specification ended up with hoes which were constructed of wood only (no metal) - as a result the hoes broke after being used only a few times.

4.13.2 Terms of Reference

The service required for a project is often part of project activities and it is probable that TOR have already been drafted in another context than procurement. Personnel in charge of programme activities are often the ones in charge of drafting the TOR. It is important to incorporate all requirements related to the acquired service in the TOR in order to receive proposals which are able to fulfil the tasks and provide the best price and quality.

The following basic content of a TOR for services has been drawn up in accordance with the principles for project cycle management. The aim is to ensure that all issues are covered systematically and that key factors related to clarity of objectives and sustainability are thoroughly examined.

Content of TOR:
- 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 requirements (e.g. certifications)

The Request for Proposal (RFP) and the Tender Dossier for Service Contracts contain a template for TOR which indicates the minimum details to be provided. The TOR shall be adjusted to the specific task.
5 PROCUREMENT DOCUMENTATION

Ensuring that the procurement documentation is compiled, filed and in order is a crucial part of the procurement process. Incomplete procurement documentation may result in repayment of funds.

Sound management of procurement documentation begins at project start in order to ensure that all procurement is documented in detail throughout the project period.

The Procurement Committee is responsible for compiling and keeping procurement documents in proper order as per the below instructions. Procurement documentation shall be kept for at least five years (seven years for projects funded by the European Union) after receiving final payment. Moreover the Procurement Committee shall decide upon the location of the 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.

All procurement related activities and documents shall be properly documented and filed in the following files respectively:

**General Procurement File**
For all procurement (Supply, Services and Works) a general procurement file shall be compiled with the following documentation as well as any additional relevant documentation:
- Application (Contract Award).
- Procurement Plan, updates and budget.
- Donor communication (procurement related - e.g. derogations and VAT issues).
- Signed Declaration of Impartiality and Confidentiality.
- Work Plan and Time table for Open Tenders and Negotiated Procedure.
- Advertisement of Business Opportunities and supplier responses.
- List of eligible countries (if the Rules of Nationality and Origin applies).
- Documentation on visibility.
- Internal correspondance/comments.

**Simple Procedure Procurement File:**
- Copy of procurement request/RFQ/RFP.
- Quotations.
- Purchase Order/Contract.
- Contractor correspondence.
- Shipping documents.
- Certificate of Origin/proof of nationality, if applicable.
- Invoice/proof of receipt/delivery note.
- Internal correspondence/comments.

**Negotiated Procedure Procurement File:**
- List of the Suppliers/Candidates and RFQ/RFP.
- Quotations.
- Evaluation Grid.
- Purchase Order/Contract.
- Letter to Unsuccessful Suppliers/Candidates.
- Contractor correspondence.
- Shipping documents.
- Certificate of Origin/proof of nationality, if applicable.
- Award Notice.
Procurement Documentation

- Invoice/proof of receipt/delivery note.
- Internal correspondence/comments.

**Open Tender Procurement File:**
- Tender Notice.
- Tender Dossier.
- List of Suppliers/Candidates and Tender Receipt Form.
- Questions and Answers.
- Tender opening minutes.
- Offers.
- Evaluation.
- Letter to Unsuccessful Suppliers/Candidates.
- Shipping documents.
- Certificate of Origin/proof of nationality, if applicable.
- Award Notice.
- Invoice/proof of receipt/delivery note.
- Other documents – e.g. financial guarantees or health certificates.
- Internal correspondence/comments.

See Annex GEN 18-1 to 18-4 for index templates for the procurement files.

**Procurement Monitoring**
At any stage during the project period it may be pertinent to carry out procurement monitoring. Please see Annex GEN 18 for the applicable template.

**Procurement Finalisation**
Upon procurement completion and before finalisation of the Final Report the Procurement Committee shall ensure that the Procurement Plan is updated and harmonized with the Final Narrative and Final Financial Report i.e. the Donor Reporting Columns in the Procurement Plan shall be filled in with the information on the actual procurement. This information may differ from what was initially planned which is not uncommon. In this way the final Procurement Plan will reflect the planned procurement as well as the actual procurement and will thus demonstrate the changes made during the project period.
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 rent of vehicles with or without option to buy). The delivery of products may in addition include siting, installation and maintenance. Whenever rental of venues for meetings, conferences etc. is a direct project cost, it is categorised as supplies.

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<tr>
<th>SUPPLIES</th>
<th>PROCEDURE</th>
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<td>Simple Procedure</td>
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<td>Above EUR 300,000</td>
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Ethical Considerations
The procurement of supplies involves specific ethical risks related to the production, handling and/or transport of products which negatively influence employees’ labour rights and companies’ social and environmental performance. In order 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 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 suppliers either by personal contact or by publishing the Code of Conduct for Contractors locally. See section 1.2 + 1.2.1 for more information on ethical procurement principles and implementation.

6.1 THE SIMPLE PROCEDURE
The Simple Procedure is the simplest procurement procedure. This procedure is, as a general rule, applicable within the threshold EUR 0 - 9,999. In special cases, described in section 4.8.1 the Simple Procedure can be applied for procurement above EUR 9,999.

The Simple Procedure does not require that more than one supplier is invited to submit a quotation. It is though important to stress that the price shall correspond with the present market price or lower. This shall always be justified and filed in the procurement file. To prove that the price corresponds with the market price you can e.g. search the internet, refer to recent contracts, or obtain at least three written or non-written quotations. Please make sure that all non-written quotations are put down in writing and filed in the procurement file.

Before the process is initiated, make sure that all members of the Procurement Committee sign the Declaration of Impartiality and Confidentiality.
Purchase Order below EUR 2,000

A purchase order shall always be issued for procurement above the value of EUR 2,000. For procurement below EUR 2,000 it is optional to issue a purchase order but an invoice shall in all cases be received and filed. As this lower boundary allows for more flexibility in issuing purchase orders under the value of EUR 2,000 it is important to be aware of the risks involved. In order to minimise risks and ensure that suppliers are aware of the GTC and Code of Conduct for Contractors, in some contexts it may be advisable to issue a purchase order for purchases of a value less than EUR 2,000.

NOTE: For EuropeAid funded projects it is a requirement to issue a purchase order irrespective of the value of the purchase. Make sure always to check donor rules.

The steps involved in the Simple Procedure for Supply Contracts:

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<tr>
<th>Step</th>
<th>Task</th>
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<tr>
<td>1</td>
<td>Identify the lots and draft technical specifications.</td>
<td>Understand the specifications of the item(s) to be procured.</td>
<td>SUP 2: Request for Quotation</td>
</tr>
<tr>
<td>2</td>
<td>Publish an advertisement of business opportunities.</td>
<td>The Advertisement of Business Opportunities can be posted in the local or regional newspapers, on a local notice board or in other public places.</td>
<td>GEN 8: Template for Advertisement of Business Opportunities</td>
</tr>
<tr>
<td>3</td>
<td>Approach potential suppliers or search media.</td>
<td>Collect a minimum of three quotations/prices.</td>
<td>SUP 2: Request for Quotation</td>
</tr>
<tr>
<td>4</td>
<td>Evaluation and Purchase Order.</td>
<td>Evaluate quotations/prices and select best offer. Issue the Purchase Order.</td>
<td>SUP 4: Evaluation Grid for Negotiated Procedure SUP 6: Purchase Order (Optional below EUR 2,000)</td>
</tr>
<tr>
<td>5</td>
<td>Receipt and inspection.</td>
<td>Inspect that supplies received comply with the Purchase Order. Sign and file a proof of receipt/delivery note.</td>
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</tbody>
</table>

Step 1: Specifications

Identify the lots of items to be purchased from the Procurement Plan. Understand and draft the technical specifications (section 4.13.1). Clearly defined technical specifications are important to enable suppliers to plan ahead and provide feedback. Ensure that all proper import permits are available for the relevant items.

NOTE: Special requirements exists for the purchase of pharmaceuticals and medical devices (see section 6.5.1 and 6.5.2).

Step 2: Advertisement

Make sure that the Advertisement of Business Opportunities is published in due time to allow the suppliers sufficient time to express their interest in the potential business opportunity.

Advertisement helps the Procurement Committee source new local suppliers and it will generate competition as well as promote transparency and accountability. The advertisement shall be published in the relevant local or regional newspapers (which 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 local office, at the local market or in other relevant public places. The local radio station can also be contacted to make an advertisement.
The template in Annex GEN 8 is used for standard advertisement of business opportunities and for procurement of medical devices the template applicable is Annex SUP 1.

When sourcing new suppliers it is recommended to obtain general information on sector and country specific ethical risks.

Also carry out a small scale risk analysis on suppliers’ ethical business performance e.g. CSR policy, health policy, SA8000 certification etc. The findings shall be documented and integrated in the selection of suppliers in step 5. (See section 1.2.1 for the implementation of the Ethical Procurement Principles.)

**Step 3: Request for Quotation**

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. The obtained prices/quotations shall be documented and filed in the procurement file. The advantage of using a written RFQ is that it prevents misunderstandings and ensures that all the required information is obtained in one go. The written RFQ also provides an opportunity to specify ethical requirements, such as ISO or SA8000 certifications. If a non-written quotation is obtained the Procurement Committee shall make a written note of the price, name of supplier, contact person, description of goods or picture and note the date. This note shall be filed in the procurement file.

At this stage it is important to communicate the ethical principles and standards to the suppliers.

**NOTE:** Be aware of specific donor requirements such as the EuropeAid Rules of Nationality and Origin.

**Step 4: Evaluation and Purchase Order**

Evaluate the offers received or collected prices. For evaluation it may be useful to apply the Evaluation Grid also used for the Negotiated Procedure (see Annex SUP 4).

After selecting the best offer a purchase order shall be issued by the Procurement Committee in accordance with the template in Annex SUP 6. Check if the Purchase Order has to be adapted to local legislation, local traditions or local requirements, as appropriate. Never delete or make alterations to the GTC for Supply Contracts Ver4 2012. Incorporate in the Contract all agreements reached with the selected Supplier and attach the relevant annexes.

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

Before signing the Purchase Order and returning the signed copy to the supplier, 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 Code of Conduct for Contractors without exceptions or amendments.
- For new suppliers - make sure that sufficient references and company data has been collected, or preferably that a Contractor Registration Form has been submitted by the Supplier.

**NOTE:** The latest version of the GTC shall be applied to all Purchase Orders. If the supplier cannot accept the GTC, the Procurement Committee shall decline that quote and proceed the process with another supplier.
Step 5: Receipt

Inspect the supplies received to ensure they comply with the Purchase Order. Proceed as described in section 6.7.

The Simple Procedure applied in special cases to contracts above EUR 10,000
In special cases an automatic derogation is granted to apply the Simple Procedure for contracts above EUR 9,999 – irrespective of the contract value. A prior approval from the DCA head of Procurement and Logistics Unit is not required. See section 4.8.1 for restrictions and the situations this is reserved for.

Annexes for Supply Contracts when applying Simple Procedure

<table>
<thead>
<tr>
<th>Annex</th>
<th>Description</th>
<th>Mandatory/Optional</th>
</tr>
</thead>
<tbody>
<tr>
<td>GEN 2</td>
<td>Declaration of Impartiality and Confidentiality</td>
<td>Mandatory</td>
</tr>
<tr>
<td>GEN 8</td>
<td>Template for Advertisement of Business Opportunities</td>
<td>Mandatory</td>
</tr>
<tr>
<td>SUP 2</td>
<td>Request for Quotation</td>
<td>Optional</td>
</tr>
<tr>
<td>SUP 4</td>
<td>Evaluation Grid for Negotiated Procedure</td>
<td>Optional</td>
</tr>
<tr>
<td>SUP 6</td>
<td>Purchase Order</td>
<td>Mandatory (Optional below EUR 2,000)</td>
</tr>
</tbody>
</table>

6.2 THE NEGOTIATED PROCEDURE

The Negotiated Procedure is more formal than the Simple Procedure. This procedure is applicable for the threshold of EUR 10,000 – 149,999 and requires that a minimum of three suppliers are invited simultaneously to submit a quotation based on a RFQ. The Contract shall be awarded to the most compliant supplier and for contracts above EUR 30,000 an award notice is required to be published on the DCA website. Letters to all unsuccessful suppliers shall 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 process is initiated make sure that all members of the Procurement Committee sign the Declaration of Impartiality and Confidentiality.

The steps involved in the Negotiated Procedure for Supply Contracts

<table>
<thead>
<tr>
<th>Step</th>
<th>Task</th>
<th>Description</th>
<th>Annex</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Identify lots and draft specifications.</td>
<td>Understand the specifications of the item(s) to be purchased.</td>
<td>SUP 2: Request for Quotation</td>
</tr>
<tr>
<td></td>
<td>Publish an advertisement of business opportunities.</td>
<td>The Advertisement of Business Opportunities can be published in a local or regional newspaper, on a local notice board or in other public places.</td>
<td>GEN 8: Template for Advertisement of Business Opportunities, (SUP 1: for medical devices)</td>
</tr>
<tr>
<td>3</td>
<td>Make a short list of a minimum of 4-8 suppliers.</td>
<td>Use e.g. the available databases or internet to source new suppliers.</td>
<td>GEN 13: List of Suppliers/Candidates and Tender Receipt Form</td>
</tr>
<tr>
<td>4</td>
<td>Submit the RFQ.</td>
<td>Prepare the RFQ and submit it simultaneously to all selected suppliers.</td>
<td>SUP 2: Request for Quotation</td>
</tr>
<tr>
<td>5</td>
<td>Evaluate quotations.</td>
<td>Evaluate quotations in writing by using the Evaluation Grid.</td>
<td>SUP 4: Evaluation Grid for Negotiated Procedure</td>
</tr>
<tr>
<td>6</td>
<td>Negotiate (optional).</td>
<td>There is an option to negotiate the terms. Rules</td>
<td></td>
</tr>
</tbody>
</table>
are described further in this chapter.

<table>
<thead>
<tr>
<th>Step</th>
<th>Description</th>
<th>Supplier Action</th>
<th>Reference</th>
</tr>
</thead>
<tbody>
<tr>
<td>7</td>
<td>Final evaluation and Purchase Order.</td>
<td>After final evaluation the Purchase Order shall be completed and sent to the successful supplier.</td>
<td>SUP 6: Purchase Order</td>
</tr>
<tr>
<td>8</td>
<td>Submit letters to unsuccessful suppliers.</td>
<td>Unsuccessful suppliers shall be notified of the result of the procedure.</td>
<td>SUP 8: Letter to Unsuccessful Suppliers</td>
</tr>
<tr>
<td>9</td>
<td>Publish the Award Notice</td>
<td>To be published on the DCA website.</td>
<td>GEN 17: Award Notice (Optional below EUR 30,000)</td>
</tr>
<tr>
<td>10</td>
<td>Receipt and inspection</td>
<td>Inspect that the supplies received comply with the Purchase Order. Sign and file the proof of receipt/delivery note.</td>
<td></td>
</tr>
</tbody>
</table>

**Step 1: Specifications**

Identify the lots of items to be purchased from the Procurement Plan. Understand and draft the technical specifications (see section 4.13.1). Clearly defined technical specifications are important to enable suppliers to plan ahead and provide feedback. Ensure that all proper import permits are available for the relevant items.

**NOTE:** Special requirements exist for the purchase of pharmaceuticals and medical devices (see section 6.5.1 and 6.5.2).

**Step 2: Advertisement**

Make sure that the Advertisement of Business Opportunities is published in due time to allow the suppliers sufficient time to express their interest in the potential business opportunity.

Advertisement helps the Procurement Committee source new local suppliers and it will generate competition as well as promote transparency and accountability. The advertisement shall be published in the relevant local or regional newspapers (which 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 local office, at the local market or in other relevant public places. The local radio station can also be contacted to make an advertisement.

The template in Annex GEN 8 is used for standard advertisement of business opportunities and for procurement of medical devices the template applicable is Annex SUP 1.

**Step 3: Short List**

Prepare a short list of suppliers with a minimum of three suppliers. It is recommended to include 4-8 suppliers to ensure that a minimum of three quotations are obtained.

As an option the DCA supplier database ADMIND or other local databases can be used to identify suppliers. When sourcing new suppliers it is recommended to obtain general information on sector and country specific ethical risks. (See section 4.12.2 for more information on how to source new suppliers.)

Always carry out a small scale risk analysis on the suppliers ethical business performance e.g. CSR policy, environmental policy, health policy, relevant certifications etc. The findings shall be documented and integrated in the evaluation of suppliers in step 5. (See section 1.2.1 for implementation of the Ethical Procurement Principles.)
Step 4: Request for Quotation

Thoroughly prepare the RFQ and approach the suppliers for a proposal. The RFQ shall be forwarded simultaneously (same day) to all the selected suppliers. This is to ensure that all suppliers are given 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 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 (it is recommended to allow a minimum of two weeks depending on the complexity of the requirements).
- Evaluation criteria.
- If a tender guarantee and performance guarantee shall be required (recommended for contracts above EUR 60,000. Please read section 9.3 for more information on guarantees).

NOTE: Be aware of specific donor requirements such as EuropeAid’s Rules of Nationality and Origin.

<table>
<thead>
<tr>
<th>Follow up on submission of the RFQ</th>
</tr>
</thead>
<tbody>
<tr>
<td>To ensure that sufficient offers will be received on time it is recommended to contact all shortlisted suppliers 1-2 days after submitting the RFQ to ask the suppliers if they intend to submit an offer before the deadline. When a short deadline is required, it is particularly good practice to follow up with the suppliers and explain the importance of completing the Submission Form and submitting the offer prior to the deadline.</td>
</tr>
</tbody>
</table>

Step 5: Evaluation

Upon receipt of the quotations, register the time when the offers were received and carry out the evaluation utilising the Evaluation Grid in Annex SUP 4. Please note that suppliers who have not submitted their quotation before the deadline shall not be considered.

For comparison and evaluation of the quotations, the Procurement Committee shall take into consideration the criteria selected in the RF. Instructions are included in the Evaluation Grid (see Annex SUP 4).

The Procurement Committee may apply a different evaluation procedure. This shall then be amended in the RFQ and the Evaluation Grid shall be adjusted accordingly.
**Recommendations on Evaluation Challenges**

**PRICES ARE TOO HIGH**

In case all suppliers 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 RFQ. Instead the suppliers can be contacted in writing (stating the amendments and new deadline) and a revised quotation requested.

**LESS THAN THREE QUOTATIONS ARE RECEIVED**

If less than three quotations have been received and if some suppliers have declined to submit a quotation it is allowed to proceed with the best offer provided that the General Procurement Principles are met. E.g. it shall be ensured that all suppliers have been given sufficient time to submit a quotation, that all suppliers have acknowledged the receipt of the RFQ, and all suppliers who have submitted a letter of interest are invited. If it is not 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 (see section 4.12.2 for how to source new suppliers). Lack of suppliers in the local market is not sufficient grounds for proceeding with less than three quotations. A market survey would reveal this fact during the planning stage and derogations from Negotiated Procedure to Simple Procedure should have been requested.

---

**Step 6: Negotiate Terms (Optional)**

If pertinent, the Procurement Committee has the option to negotiate the terms of the Contract. Negotiations shall not entail any substantial deviation from the terms and conditions of the RFQ, but shall have the purpose of obtaining better conditions in terms of delivery date, technical quality, payment conditions etc.

Negotiations may however have the purpose of reducing the scope of the supply or revising other terms of the Contract in order to reduce the total price. This may be necessary when prices proposed by all suppliers exceed the limits of the funds made available to the Contracting Authority by its donor/funding agency.

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

The negotiations can be done by email, fax, phone or at a meeting. In the latter two cases, a written recap shall be prepared, filed, copied and submitted to the Supplier. There are no specific procedures on negotiations except that the General Procurement Principles shall always be respected.

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.

**Step 7: Final Evaluation and Purchase Order**

The Purchase Order shall be awarded to 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, provided further that the Supplier has demonstrated the capability and resources to carry out the Contract effectively.

The Purchase Order is to be issued by the Procurement Committee in accordance with the template in Annex SUP 6. Check if the Purchase Order has to be adapted to local legislation, local traditions or local requirements, as appropriate. Never delete or make alterations to the GTC for Supply Contracts Ver4 2012. Incorporate in the Contract all agreements reached with the selected Candidate and attach the relevant annexes.
The Purchase Order shall be forwarded unsigned to the selected supplier and returned to the Contracting Authority with all pages duly signed. Only thereafter shall the Purchase Order be signed by the Contracting Authority. Signing the Contract creates a legally binding document for both parties.

Before signing the Purchase Order and returning the signed copy to the Supplier, 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 Code of Conduct for Contractors without exceptions or amendments.
- For new suppliers - make sure that sufficient references and company data has been collected, or preferably that a Contractor Registration Form has been submitted by the Supplier.

**NOTE:** The latest version of the GTC shall be applied to all Purchase Orders. If the supplier cannot accept the GTC, the Procurement Committee shall decline that quote and continue the process with another supplier.

**Step 8: 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.

**Step 9: Award Notice**

An award notice can be published on the DCA website. This is optional for contracts up to EUR 29,999 and obligatory for contracts above EUR 30,000.

The publishing of an award notice on DCA website can be exempted if the Procurement Committee considers a public notice might endanger the organisation’s safety or harm its interests.

For posting an award notice on the DCA website please forward the award details to the DCA Procurement and Logistics Unit. The information required is: description of product; contract value and currency; source of funding; date of contract; contract no.; beneficiary country; and the name of the selected supplier.

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

**Step 10: Receipt**

Inspect that the supplies received comply with the Purchase Order. Proceed as described in section 6.7.

<table>
<thead>
<tr>
<th>Annexes for Supply Contracts when applying Negotiated Procedure</th>
</tr>
</thead>
<tbody>
<tr>
<td>GEN 2</td>
</tr>
<tr>
<td>GEN 8</td>
</tr>
<tr>
<td>GEN 13</td>
</tr>
<tr>
<td>SUP 2</td>
</tr>
<tr>
<td>SUP 4</td>
</tr>
</tbody>
</table>
6.3 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 higher 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 e.g. newspapers, online procurement media, DCA website etc. 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.

A specified tender dossier shall be drafted and forwarded to interested suppliers who then have the opportunity to make a tender request. After the deadline of receiving tenders they shall be opened and announced in the presence of all interested tenderers. Evaluation of the Tenders is fulfilled by the Procurement Committee on the basis of a clearly predefined evaluation grid and the most compliant Tender is awarded the Contract. An award notice is required to be published on the DCA website and letters to all unsuccessful suppliers shall be submitted.

Before the process is initiated make sure that all members of the Procurement Committee have signed the Declaration of Impartiality and Confidentiality.

The steps involved in the Local Open Tender for Supply Contracts.

<table>
<thead>
<tr>
<th>Step</th>
<th>Task</th>
<th>Description</th>
<th>Annex</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Identify lots and draft technical specifications.</td>
<td>Understand the specifications of the item(s) to be procured.</td>
<td>SUP 3: Tender Dossier</td>
</tr>
<tr>
<td>2</td>
<td>Publish an advertisement of business opportunities</td>
<td>The Advertisement of Business Opportunities can be posted in the local or regional newspapers, on a local notice board or in other public places</td>
<td>GEN 8: Template for Advertisement of Business Opportunities</td>
</tr>
<tr>
<td>3</td>
<td>Issue the Tender Dossier.</td>
<td>Issue the Tender Dossier with special attention to the technical specifications, special requirements, time schedule and award criteria.</td>
<td>SUP 3: Tender Dossier</td>
</tr>
<tr>
<td>4</td>
<td>Publish the Tender Notice.</td>
<td>Specify the main content of the Tender Dossier in the Tender Notice and publish it locally and/or on DCA website. The deadline shall not be less than 21 days from the date of the advertisement. The Tender dossier shall be available on the date of the advertisement.</td>
<td>GEN 11: Tender Notice</td>
</tr>
<tr>
<td>5</td>
<td>Send out the Tender Dossier.</td>
<td>A record of the date of submitting the Tender Dossier and to whom shall be made. Each tenderer shall be identified with a number. When clarifications/amendments to the Tender Dossiers occur all potential tenderers shall receive a copy of questions and answers simultaneously.</td>
<td>GEN 13: List of Suppliers/Candidates and Tender Receipt Form, GEN 14: Question and Answers</td>
</tr>
<tr>
<td>6</td>
<td>Receiving tenders.</td>
<td>For each tender received, the date and time of receipt shall be registered. All received tenders shall be kept unopened in a secure place until the tender opening.</td>
<td>GEN 13: List of Suppliers/Candidates and Tender Receipt Form</td>
</tr>
<tr>
<td>7</td>
<td>Tender opening.</td>
<td>Tenders shall be opened at the announced time, place and date in the presence of</td>
<td>GEN 15-1: Tender Opening Checklist</td>
</tr>
</tbody>
</table>
tenderers who choose to attend. Names of tenderers and prices are read aloud.

<table>
<thead>
<tr>
<th>8</th>
<th>Ensure administrative compliance.</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Post qualification of tenderers shall be performed after the tender opening (tenderers shall not be present).</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>9</th>
<th>Start evaluating tenders.</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Evaluate tenders in writing by using the Evaluation Grid. Tenders which have passed the post qualification will be subject to evaluation by each member of the Procurement Committee.</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>10</th>
<th>Evaluation meeting and selection of tenderer.</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Discuss the evaluation and select a tenderer. Draft a report of the evaluation identifying clearly which evaluation criteria the successful Tenderer was superior in and why.</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>11</th>
<th>Issue the Contract(^{11}) and submit the Letter of Acceptance.</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Prepare the Contract in accordance with the draft in the Tender Dossier and submit the letter of acceptance with the Contract. Invite the Tenderer to sign the Contract.</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>12</th>
<th>Submit letters to unsuccessful suppliers.</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Unsuccessful tenderers shall be notified of the result of the Tender after the Contract has been signed by the successful Tenderer.</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>13</th>
<th>Publish the Award Notice.</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Publish the Award Notice on the DCA website.</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>14</th>
<th>Receipt and inspection.</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Inspect that supplies received comply with the Contract. Sign and file a proof of receipt/delivery note.</td>
</tr>
</tbody>
</table>

### Step 1: Specifications

Identify the lots of items to be purchased from the Procurement Plan. Understand and draft the technical specifications of the item(s) to be purchased (see section 4.13.1). Clearly defined technical specifications are important to enable suppliers to plan ahead and provide feedback. Ensure that all proper import permits are available for the relevant items.

**NOTE:** Special requirements exists for the purchase of pharmaceuticals and medical devices (see section 6.5.1 and 6.5.2).

### Step 2: Advertisement

Make sure that the Advertisement of Business Opportunities is published in due time to allow the suppliers sufficient time to express their interest in the potential business opportunity.

Advertisement helps the Procurement Committee source new local suppliers and it will generate competition as well as promote transparency and accountability. The advertisement shall be published in the relevant local or regional newspapers (which 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 local office, at the local market or in other relevant public places. The local radio station can also be contacted to make an advertisement.

\(^{11}\) A contract in a Local and International Open Procedure has the same function as the Purchase Order, but is a more thorough legal binding document.
The template in Annex GEN 8 is used for standard advertisement of business opportunities and for procurement of medical devices the template applicable is Annex SUP 1.

Step 3: Tender Dossier

Draft the Tender Dossier with the following considerations:

Technical specifications: The biggest challenge when drafting a tender dossier is to give the correct technical specifications which will ensure that the correct items are being offered and supplied. Clearly defined technical specifications (and selection criteria) also enables the Contractor to plan ahead and provide feedback on specifications. When drafting a tender dossier, the technical specifications are by far the most time consuming and important (Please refer to section 4.13.1 when drafting the technical specifications).

Award Criteria: The Tender Dossier shall stipulate the award criteria for the Contract. A Supply Contract shall be awarded to the best and most compliant tender, i.e. the supplier who is substantially responsive to the Tender Dossier, is technically compliant, and who has offered the best price. This provided that the Tenderer has demonstrated appropriate capability and resources to carry out the Contract effectively. Please ensure to include ethical requirements in the award criteria whenever it is relevant and pertinent.

Timeframe: When are the goods required at final site? Consider if the timeframe is realistic or if it provides too short lead times for supplier(s).

Transport and storage: 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 (see Annex GEN 9-3).

Donor Requirements: Be aware of specific donor requirements such as EuropeAid Rules of Nationality and Origin.

Payment terms: Which payment terms shall be applied?

Inspection: Will a preshipment inspection be required or will the goods be inspected upon arrival?

Bank guarantees: Will a tender guarantee be required? Will a performance guarantee be required? For more information on bank guarantees see section 9.3.

Step 4: Tender Notice

Draft the Tender Notice which as a minimum shall describe: the supplies to be procured (incl. 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 obtained.

Deadline for submission of tenders shall not be less than 21 days from the date of publishing the Tender Notice. However, the deadline may be longer depending on the nature of supplies. The Tender Dossier shall be available on the date of publishing the Tender Notice.

The Tender Notice shall be published in the country of operation by any relevant means available e.g. local newspaper, radio, notice board at a public place and/or online procurement media. In addition, the Tender Notice shall be published on the DCA website on the same day (contact procurement@dca.dk).
The Local Open Tender shall provide eligible suppliers in the country of operation with equal business opportunities and 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 procedure.

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.

When sourcing new suppliers it is recommended to obtain general information on sector and country specific ethical risks.

**Step 5: Submission of Tender Dossier**

The Tender Dossier shall be submitted to all suppliers who have made a request within a few days of it being requested by the supplier. At this stage it is important to communicate the ethical principles and standards to the suppliers.

A record of the date the Tender Dossier was submitted and to whom shall be made. Each tenderer shall be identified by a number.

As specified in the Tender Dossier, there is a deadline for clarifications to the Tender Dossier. Procedures for submission of clarifications are specified in the Tender Dossier (see Annex GEN 14: Questions and Answers).

Tenderers may submit questions in writing at the latest on the date specified in the time table in the Tender Dossier. Information regarding interpretation of the Tender Dossier shall be requested in writing. Tenderers are not allowed to approach the Contracting Authority for oral clarification.

Always carry out a small scale risk analysis on suppliers’ ethical business performance e.g. CSR policy, health policy, SA8000 certification etc. The findings shall be documented and integrated in the evaluation of suppliers in step 8. (See section 1.2.1 for implementation of the Ethical Procurement Principles.)

**NOTE:** 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 shall be excluded from the tender procedure.

**Step 6: Receiving Tenders**

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

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

**Step 7: Tender Opening**

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 the tenderers who participate shall be registered (use the format in Annex GEN 15-2).

**Step 8: Administrative Compliance**

After the tender opening the Procurement Committee shall carry out a post qualification/administrative compliance of the tenders received. This is a preliminary examination of all tenders.
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?
- Are all the requested documents submitted and properly signed (check for documents such as a tender guarantee, tender submission form (the required documents are listed under “instructions to tenderers” in the Tender Dossier).

The documents shall not be evaluated at this stage. It is only necessary to ensure that the documents are available and properly signed. (See Annex SUP 5: Evaluation Grid for Open Tender Procedures)

At this stage, offers which do not comply shall be rejected. The reason for rejection shall be written in the administrative compliance report which is a part of the evaluation report (see Annex GEN 15-4).

Step 9: Evaluation

After the post qualification (part A of the Evaluation Grid for Open Tender Procedures, Annex SUP 5) each member of the Procurement Committee will receive a copy of the remaining tenders for evaluation and analysis. This evaluation shall be done in private and tenderers are not allowed to be present. Each member shall fill in an evaluation grid (Part B and C of the Evaluation Grid), which shall be compared at the evaluation meeting. Please note that suppliers who have submitted their offer after the deadline shall not be considered.

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 48 hours to respond. Always remember to put a deadline for receipt of the clarification. Communication with the Tenderer shall be in writing.

### Evaluation Challenges

#### AMEND TECHNICAL SPECIFICATIONS
If there is a need to amend the technical specifications described in the Tender Notice and the Tender Dossier, either by reducing or increasing the minimum requirements, the tender process shall be cancelled and a new one initiated. The Tender Notice and Tender Dossier with the new technical specifications shall be issued – the deadline for submitting tenders can be reduced to e.g.15 days (depending on the complexity). It may be easier to contact all tenderers directly, but this is not allowed due to the Principle of Equal Opportunity. Suppliers who were not part of the initial tender process may be interested in participating after the change of technical specifications. This emphasises the importance of drafting clear and thorough technical specifications from the outset of the procurement process.

#### PRICE OF TENDERS ARE TOO HIGH
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.

#### NONE OR LESS THAN THREE TENDERS ARE RECEIVED
Whenever no tenders or less than three tenders have been submitted, it is possible to proceed with a Simple Procedure with one supplier of choice as long as no substantial changes to the contract terms of the Tender Dossier are made. If substantial changes to the contract terms of the Tender Dossier have to be made, the tender process shall be cancelled and a new one initiated. It may seem easier to contact all tenderers directly, but this is not allowed because of the Principle of Equal Opportunity. Suppliers who were not part of the initial tender process may be interested in participating after the changes to the contract terms of the Tender Dossier have been made.
Step 10: Evaluation Meeting

After each member has completed the evaluation a meeting of the Procurement Committee shall be held. Discuss the evaluation and select a tenderer. Draft a short report of the evaluation which clearly identifies in which evaluation criteria the winning Tenderer was superior and why (the report shall reflect the criteria in the Tender Dossier). The report shall be signed by all members of the Procurement Committee. Tenderers can not attend this meeting (see Annex GEN 15-4).

Step 11: Contract and Letter of Acceptance

Prepare the Contract in accordance with the draft in the Tender Dossier and forward a Letter of Acceptance to the selected Tenderer (GEN 16). Check if the Contract has to be adapted to local legislation, local traditions or local requirements, as appropriate. Never delete or make alterations to the GTC for Supply Contracts Ver4 2012. Incorporate in the Contract all agreements reached with the selected Candidate and attach the annexes (see article B 16 of the draft contract).

The Contract shall be forwarded unsigned to the selected tenderer and returned to the Contracting Authority with all pages duly signed. 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 and returning the signed copy to the Tenderer, 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 Code of Conduct for Contractors without exceptions or amendments.
- For new suppliers – make sure that sufficient references and company data has been collected, or preferably that a Contractor Registration Form has been submitted by the Tenderer.

NOTE: The latest version of the GTC shall be applied to all purchases. If the Tenderer cannot accept the GTC the Procurement Committee shall decline the quote and continue the process with another tenderer.

Step 12: 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 (see Annex SUP 8).

Step 13: Award Notice

An award notice shall be published on the DCA website. The publishing of an award notice on DCA website can be exempted if the Procurement Committee considers a public notice on a contract award to endanger the organisation's safety or harm its interests.

For posting an award notice, on the DCA website please forward the award details to DCA Procurement and Logistic Unit. The information required is: Description of product, Contract value and currency, source of funding, date of contract, Contract no., beneficiary country and the name of the selected Tenderer.

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

Step 14: Receipt

Inspect that the supplies received comply with the Contract. Proceed as described in section 6.7.
6.4 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 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 purchases above EUR 299,999.

Before the process is initiated make sure that all members of the Procurement Committee have signed the Declaration of Impartiality and Confidentiality.

The steps involved in the International Open Tender for Supply Contracts

<table>
<thead>
<tr>
<th>Step</th>
<th>Task</th>
<th>Description</th>
<th>Annex</th>
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<tbody>
<tr>
<td>1-3</td>
<td>Follow the procedure as described for Local Open Tender</td>
<td></td>
<td></td>
</tr>
<tr>
<td>4</td>
<td>Publish the Tender Notice</td>
<td>Specify the main content of the Tender Dossier in the Tender Notice and publish it locally, internationally and on the DCA website. Depending on the nature of supplies, the deadline for submitting tenders shall not be less than 30 days from the date of issuing the Tender Notice. The Tender Dossier shall be available on the date of the advertisement.</td>
<td>GEN 11: Tender Notice</td>
</tr>
<tr>
<td>5-14</td>
<td>Follow the procedure as described for Local Open Tender</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
Step 1: (Step 1-3) Specifications, Advertisement and Tender Dossier

Proceed as described in step 1-3 for the Local Open Tender (section 6.3).

Step 4: Tender Notice

Draft the Tender Notice which as a minimum shall describe:
- The supplies to be procured (incl. the essential technical specifications).
- The rules governing the submission and presentation of tenders.
- The exclusion, selection and award criteria.
- Where and when the Tender Dossier can be obtained.

DCA or partners shall advertise the Tender Notice in:
- The country of operation by any relevant means available.
- Any relevant regional and international newspapers (see suggestions below).
- Any specialized media required by donors.
- On the DCA website

If the project is funded by the World Bank or UN then the notice can be published on www.devbusines.com and the DCA website. If it is funded by other donors the notice can be published on www.dgmarket.com and on the DCA website. When feasible, advertising in technical magazines and trade publications shall be envisaged. It is also recommended to advertise the Tender Notice on TED http://ted.europa.eu and www.iapso.org (contact DCA Procurement and Logistic Unit for more options).

Tender procedures are open whenever all interested economic operators may submit a tender after international publication of a Tender Notice.

The deadline shall not be less than 30 days from the date of issuing the Tender Notice. The Tender Dossier shall be available from the date of publishing the Tender Notice.

The Procurement Committee can choose to submit the Tender Notice directly to a list of suppliers who are be interested in participating.

It is in the interest of the Procurement Committee to ensure the widest possible participation in the tender.

Step 5: (Step 5-14)

Proceed as described in step 5-14 for the Local Open Tender (section 6.3).

Annexes for Supply Contracts when applying International Open Tender

<table>
<thead>
<tr>
<th>GEN 2</th>
<th>Declaration of Impartiality and Confidentiality</th>
<th>Mandatory</th>
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<tr>
<td>GEN 11</td>
<td>Tender Notice</td>
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<tr>
<td>GEN 13</td>
<td>List of Suppliers/Candidates and Tender Receipt Form</td>
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<tr>
<td>SUP 3</td>
<td>Tender Dossier</td>
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<tr>
<td>GEN 9-3</td>
<td>Sample of Distribution Schedule</td>
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<td>GEN 14</td>
<td>Questions and Answers</td>
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<tr>
<td>GEN 15-1</td>
<td>Tender Opening Checklist</td>
<td>Mandatory</td>
</tr>
<tr>
<td>GEN 15-2</td>
<td>List of Participants</td>
<td>Mandatory</td>
</tr>
</tbody>
</table>
6.5 PROCUREMENT OF PHARMACEUTICALS AND MEDICAL DEVICES

When procuring pharmaceuticals and medical devices, DCA and partners shall always abide by international norms for procurement of these products and respect patents and national drug regulations in the individual countries. For procurement of both pharmaceuticals and medical devices the Negotiated Procedure applies and only prequalified suppliers are to be invited for the submission of an offer. Any potential supplier shall offer prequalified pharmaceutical/medical devices and shall meet WHO standards for production, storage and distribution.

At all times the paramount aim of procuring pharmaceuticals and medical devices is to ensure high standard products which are authentic, effective and safe for patients. Always check if the donor has any specific requirements for the procurement of pharmaceuticals and medical devices which supersede the procedures described in this Manual.

Counterfeit products are strongly represented on the pharmaceutical market. These products can be a health hazard to patients and shall be prevented from entering the legitimate supply chain. Procurement of substandard products from unknown or dubious suppliers is to be avoided at all times.

6.5.1 Procurement of Pharmaceuticals

Procurement Procedure
Irrespective of the value of the Contract to be awarded, the Contracting Authority shall launch a Negotiated Procedure by inviting simultaneously and in writing only prequalified candidates (suppliers/NGOs/Central Buying Offices/HPCs12) of their choice. As DCA Procurement and Logistic Unit do not have the capacity to carry out a prequalification process which meets WHO recommended norms and standards, DCA and partners shall only procure prequalified products and only shortlist prequalified suppliers.

Identifying the prequalified candidates require a thorough market survey. It is recommended to search the WHO and other international bodies’ websites for information and to consult other humanitarian actors in the country/region.

As for any other procurement procedure the number of suppliers invited shall be sufficient to ensure genuine competition. The market situation for each product, the nature of the pharmaceutical, and the critical dates for delivery may determine the number of suppliers approached. Choices are restricted by the characteristics of the pharmaceuticals as some are either single-source or limited source products. Other pharmaceutical products may be multi-source but effectively restricted to limited-sources in many settings.

12 When buying from a Humanitarian Procurement Centre the Simple Procedure applies (see section 4.9.1).
Select the prequalified suppliers. Issue a RFQ inviting the selected suppliers to submit an offer. When issuing the RFQ a medic or pharmacist shall be consulted to ensure the correctness of the product specifications, packing requirements, storage requirements, shelf life, specific transport requirements, product certificates required, etc.

For DCA partners who do not have the expertise and experience with procurement of pharmaceuticals, DCA strongly recommends that a specialised Humanitarian Procurement Centre (HPC) is appointed to carry out the procurement. This shall be reflected in the Procurement Plan submitted to the donor. It is advantageous to use an HPC because the HPC conducts efficient and safe procurement and assumes responsibility for ensuring high quality and genuine pharmaceuticals. Additionally when buying from an HPC the Simple Procedure always applies (see section 4.9.1 for more details on HPCs).

NOTE: If an HPC is not appointed, the Contracting Authority shall make sure that both prequalification of product and candidate has been carried out in accordance with international norms and standards.

Prequalification of Candidates:
The procurement of pharmaceuticals shall be based on a prequalification scheme implemented either by the World Health Organisation (WHO), a Stringent Regulatory Authority, an UN organisation, a Non-Governmental Organisation, a Humanitarian Procurement Centre (HPC) or a specialised commercial operator which meets WHO recommended norms and standards for carrying out prequalification.

Prequalification procedures shall be based on the following principles:

- Reliance on the information supplied by the relevant National Drug Regulatory Authority.
- Evaluation of product data and information submitted by manufacturers, including product formulation, manufacturing and test data and their results.
- General understanding of the production and quality control activities of the manufacturers and suppliers and of their commitment to the principles of Good Manufacturing Practices (GMP).
- Assessment of consistency in the production processes and quality control activities through compliance with GMP, as described in the respective WHO publications and supplementary WHO GMP guidelines.
- Availability of appropriate quality systems and Standard Operating Procedures.
- Random sampling and testing of pharmaceutical products supplied.
- Adequate purchasing mechanisms (see WHO’s MQAS).
- Good Storage Practices (GSP).
- Good Distribution Practices (GDP).
- Monitoring of customers’ complaints and follow-up to remedy shortcomings.
- Adequate handling of complaints and recalls.
- Ongoing monitoring and re-qualification.

WHO List of Prequalified Medicinal Products
WHO has developed a list of prequalified pharmaceutical (medicinal) products used for HIV/AIDS, malaria tuberculosis, influenza and reproductive health. The list contains information on products, the respective manufacturer, packing standards, and manufacturing site. Procuring medicine for the treatment of the mentioned deceases only products from this list are to be procured. The list is found at: [http://apps.who.int/prequal/](http://apps.who.int/prequal/)
The rules and procedures applicable for purchasing these medicinal products are the same as for any other pharmaceutical product (see the top of this section).

Issuing the RFQ
When issuing the RFQ a medic or pharmacist shall be consulted to ensure the correctness of the product specifications, packing requirements, storage requirements, shelf life, specific transport requirements, product certificates required, etc.

In the RFQ the selection criteria shall give priority to candidates that comply with at least one of the following certifications or equivalent: EN46001/ EN46002, ISO13485/ ISO13488, Japan QS Standard for medical devices
Supply Contracts

1128, United States QS (21 CFR part 820), ISO9001/ISO9002, ISO9001/2000. To ensure correctness of certification, the certification shall always be verified by the certifying organisation itself.

**The International Drug Prices Indicator Guide**

DCA or partner shall consult the International Drug Prices Indicator Guide\(^{13}\) for all procurement of pharmaceuticals. The Guide aims to make price information widely available in order to improve procurement of pharmaceuticals of assured quality for the lowest possible price. When comparing the costs of pharmaceutical products, the cost of the entire treatment (not just the cost per unit) shall be taken into consideration. Since the choice may also be influenced by other factors such as transportation charges, storage requirements and shelf-life, the total cost shall be considered.

**NOTE:** When procuring pharmaceuticals finding the lowest price shall not be the main objective. The overriding aim of the procurement of pharmaceuticals (and medical devices) is to ensure high standard products which are authentic, effective and safe for patients.

**Technical Procurement Capacity and Expertise**

Thoroughly consider if DCA or the partner have the technical capacity and expertise in procurement of pharmaceuticals. If not, the Purchase Order shall be placed with an international, specialised Central Buying Office, preferably an HPC, such as UNICEF or MSF (see section 4.9 for the use of Central Buying Offices or contact the DCA Procurement and Logistics Unit for support).

**Importing or Buying Locally**

Assess if the products are available locally or if import is required. Also check if local rules and restrictions on import and distribution of pharmaceuticals are existent.

In some countries only local agents can import medicine from foreign companies. In other countries, this is only one option. Generally, in developing countries, it is not advisable to use local agents, especially if they lack the technical competence necessary to avoid confusion and other problems arising from technical issues. Dealing with local agents could delay the procurement process and result in the procurement of low quality products at a higher price. Local agents will have to be precertified.

In some cases it is difficult to import certain pharmaceuticals and obtain the documentation from local suppliers. In these situations it is recommended to contact UNICEF or MSF in the country, as they may be able to assist you with the supply.

**Transportation and Storage**

Consider specific transport requirements and storage requirements (temperature/humidity/shelf-life); e.g. vaccines are heat sensitive. Cold-room capacity shall be available at the time the vaccines are delivered. See the WHO Guide to Good Storage Practice for Pharmaceuticals\(^{14}\) for valid recommendations on storage and transportation of pharmaceuticals.

**Procurement of Vaccines and Sera**

The procurement of vaccines and sera is complex and requires specialised knowledge. There are many companies producing vaccines, but only a few meet internationally recognised standards of safety and efficacy.

DCA does not have the technical capacity or expertise for procurement of vaccines and sera. Therefore the Procurement Committee shall place the inquiry for vaccines with international, specialised agencies that are prequalified to handle procurement procedures for vaccine, such as the ECHO approved HPCs. This shall be reflected in the Procurement Plan. Please contact DCA Procurement and Logistic Unit for further advice: procurement@dca.dk.

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\(^{13}\) The International Drug Prices Indicator is regularly updated and provides a spectrum of prices from pharmaceutical suppliers and procurement agencies, based on their current catalogues or price lists. It also contains prices obtained from international development organisations and government agencies, and represents an essential tool to be used by Contracting Authorities to compare prices. [http://erc.msh.org/mainpage.cfm?file=1.0.htm&module=DMP&language=english](http://erc.msh.org/mainpage.cfm?file=1.0.htm&module=DMP&language=english)

\(^{14}\) [http://whqlibdoc.who.int/trs/WHO_TRS_908.pdf#page=135](http://whqlibdoc.who.int/trs/WHO_TRS_908.pdf#page=135)
For further information on guidelines for international procurement of vaccines and sera, see the following link: http://www.who.int/immunization_supply/en/index.html

6.5.2 Procurement of Medical Devices

The term ‘medical device’ refers to an instrument, apparatus, implement, machine contrivance, implant, in vitro 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 can include: walking stick, surgical instruments, contact lens lubricants, condoms, stethoscopes, insulin syringes and needles, wheelchairs, hearing aids, implantable devices, Magnetic Resonance Imaging (MRI), and Computed Tomography Imaging (CT). Therefore, medical devices include an enormous variety of existing healthcare items, and many new forms are being constantly invented. The Global Medical Device Nomenclature (GMDN) system designates 12 categories of medical devices consisting of more than 10,000 generic groups (see: http://www.gmdnagency.com/info.aspx?pageid=2).

Procurement Procedure

Irrespective of the value of the Contract to be awarded, the Contracting Authority shall launch a Negotiated Procedure by inviting simultaneously and in writing only prequalified candidates of their choice. If an HPC is appointed the Simple Procedure applies (see section 4.9.1 for more information on HPCs).

The number of candidates invited shall be sufficient to ensure genuine competition. The market situation of each product, the nature of the medical equipment, and the critical dates for delivery may determine the numbers of candidates approached. Choices are restricted by the characteristics of the medical equipment as some are either single-source or limited-source products. Other products may be multi-source but effectively restricted to limited sources in many settings.

Prequalification of Candidates

To prequalify candidates the Procurement Committee shall ensure that candidates can provide documentation that the medical devices supplied by them meet essential requirements. These essential requirements are outlined in the Advertisement of Business Opportunities (SUP 1) and only qualified suppliers can be shortlisted and receive the RFQ.

The supplier shall provide documentation showing that the product(s):
- Meets essential requirements as described by the Global Harmonization Task Force (GHTF).
- Is produced in conformity with ISO standards and/or other equivalent standards as recognised by the GHTF15.
- Is marketed according to at least one of the regulatory authorities: MPALS License (Australia), Device License (Canada), CE Mark (EU), Device License (Japan), and 510k Device Letter (USA).

NOTE: If the supplier is not the manufacturer of the product the Manufacturer’s Authorisation shall be submitted.

The Procurement Committee shall verify the certificates received from the supplier. Make sure to check the certificate for validity, name and address of the company and that the product description on the certificate actually corresponds with the required product.

6.5.3 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 this Manual.

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http://www.ghtf.org/documents/sg1/sg1n41r92005.pdf
Subject to the national veterinary drug regulations the Procurement Committee shall strive to assure that the product(s) offered comply with the international standards for veterinary medicine.

The manufacturer shall always be ISO certified. Check the certificate for: validity, name and address of the company and the range of products the certificate covers.

The following certificates shall be acquired to ensure quality:
- ISO 9001:2000 – Quality management systems or equivalent.
- Marketing authorisation from the national Drug Regulatory Affairs (DRA) in the country of origin for the products offered.
- GMP Certificate (Good Manufacturing Practice).

If procuring through a local agent or wholesaler, the following additional certificates shall be obtained:
- Copy of import licence for the product offered.
- Certificate of origin for the product offered.
- Marketing authorisation from the local drug regulatory authority for the product offered.

Depending on the country of operation it may not be possible to obtain the above certificates, in which case make sure that the supplier, as a minimum, has the proper authorisations from the local authorities to supply this product and ask for evidence. Always check with the local authorities that the authorisation is valid for the specific product.

Take the necessary steps to ensure the quality of the product and that the shelf life is sufficient upon delivery.

6.6 PROCUREMENT OF FOOD AID

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)\(^\text{16}\). 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 Aid Suppliers

Whenever possible and pertinent, DCA or partners shall give priority to procurement of food aid in the country of operation or neighbouring countries. This while taking into consideration the context in which the action is implemented and making sure that the procurement does not disturb the local markets significantly.

DCA or partners shall prior to the procurement acquire evidence, based on local/regional market analysis, that local/regional procurement would not induce market distortions that could adversely affect vulnerable populations. Additionally the food aid products shall as much as possible match the nutritional habits of the beneficiary population.

Quality and Domestic Legislation

The characteristics of the products and their packaging shall respect quality standards laid down in the domestic legislation of the country of origin and/or the country of destination, whichever legislation has the higher quality standard. Where local legislation does not exist, internationally recognised standards such as Codex Alimentarius\(^\text{17}\) could be taken as reference to the extent possible.

Procurement of fresh Food

For procurement of fresh food flexibility in dividing the fresh food procurement into several lots and with different contracts with various local 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

\(^{16}\) 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.

\(^{17}\) [http://www.codexalimentarius.net/web/index_en.jsp](http://www.codexalimentarius.net/web/index_en.jsp)
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 local 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.

**Specifications in the Tender Documents**
For procurement of food above the value of EUR 150,000 the technical specifications shall be supplemented by the following specifications:
- The net weight and cubic 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/timeframe e.g. where storage facilities at the delivery place are only available from a certain date.
- Identify the procedure for establishing reductions of price for quality deviations or late delivery.
- When required, 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.
- Establish conditions for deliveries beyond the contracted delivery date or period.
- Packing.

**NOTE:** Whenever relevant and pertinent these specifications may also be advantageous to include in contracts with a value less than EUR 150,000.

**Procurement of Food above EUR 300,000**
When awarding a food supply contract for a non-urgent action with a value higher than EUR 300,000 DCA or partner shall contract a monitoring agency responsible for verifying and certifying the quantity, quality, packing and marking of supplies. DCA or partner shall include the necessary provisions in the Tender and contractual documents in order to assure the right of access and monitoring of the Monitoring Agency. If DCA or partner uses a monitoring agency 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 HPC, the HPC assumes the responsibility of ensuring the required quality and respecting the appropriate procedures. It is however always the responsibility of DCA or partner, via the contractual relation, to reassure that the HPC lives up to its responsibilities. For all procurement from HPCs the applicable procedure is the Simple Procedure (see section 4.9.1 for more information on HPCs).

**Therapeutic Food**
Therapeutic food is special nutritional food with a therapeutic (treatment) purpose. This category includes: therapeutic milk formulas, nutritional pastes, nutrient-fortified oat bars, etc. Therapeutic food is considered a pharmaceutical and shall be procured in accordance to the special rules and procurement procedures applicable to pharmaceuticals (see section 6.5.1).
6.7 RECEIVING SUPPLIES
When receiving the supplies follow the three steps below:

**Step 1: Forwarders receipt**

Upon receipt of supplies, check that the packages are not wet or damaged. Always sign and file a proof of receipt/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/delivery note. Write e.g. “received damaged” or “shortage”.

**Step 2: Unpacking and inspection**

Unpack goods and within 48 hours after 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 DCA insured goods it is important that the damage report is forwarded to DCA Procurement and Logistics Unit immediately. This report shall include a copy of the signed receipt/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.

6.8 INCOTERMS

Incoterms are internationally recognised trade clauses most commonly used for international sales 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/Contract (see [http://www.iccwbo.org/incoterms/id3042/index.html](http://www.iccwbo.org/incoterms/id3042/index.html)).

The following table is meant to give a broad overview of the various Incoterms. It is important to stress the need to study each Incoterm more thoroughly in the ICC’s “Incoterms 2010” before applying an Incoterm to a contract.

For all the Incoterms it is important to specify the port (or other named delivery destination) as precisely as possible. It is also important to note that if no Incoterm is specified in a Purchase Order/Contract, it is EX Works which applies, placing minimum risk and obligations on seller and maximum on buyer.

For a table overview of the 2010 Incoterms please see: [http://www.sdstraining.co.za/Img_Upload_Departments/5719_113114751.JPG](http://www.sdstraining.co.za/Img_Upload_Departments/5719_113114751.JPG)

**Rules for any Mode(s) of Transport:**

<table>
<thead>
<tr>
<th>Incoterm (2010)</th>
<th>Definition and description</th>
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<tr>
<td>EX Works (EXW)</td>
<td>The seller has met his/her obligations to deliver once the goods are placed at the disposal of the buyer at the seller’s premises or another clearly named place (i.e. works, factory, warehouse etc.) not cleared for export, and not loaded on any collecting vehicle. Seller has no obligations to clear the goods for import, pay any import duty or carry out import customs formalities. Make sure to specify the point of delivery at the named place, as the risk passes to the buyer at this point. This term represents the minimum obligation for the seller, and the buyer has to bear all costs and risks involved in taking the goods from the seller’s premises (or other</td>
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</tbody>
</table>
delivery point). However, if the parties want the seller to be responsible for the loading of the goods on departure and to bear the risks and all costs of such loading, this shall be made clear by adding explicit wording to this effect in the Contract. This term shall not be used when the buyer cannot carry out the export formalities directly or indirectly. In such circumstances, the Free Carrier (FCA) term shall be used, provided the seller agrees that he/she will load at his/her cost and risk.

**Free Carrier (FCA)**

The seller has met his/her obligations to deliver once the goods are delivered to the carrier (or any other person) nominated by the buyer at the named place and cleared for export. Seller has no obligations to clear the goods for import, pay any import duty or carry out import customs formalities. Make sure to specify the point of delivery at the named place in the Contract, as the risk passes to the buyer at this point. It shall be noted that the chosen place of delivery has an impact on the obligations of loading and unloading the goods at that place. If delivery occurs at the seller’s premises, the seller is responsible for loading, and if delivery occurs at any other place, the seller is not responsible for unloading.

**Carriage Paid To (CPT)**

The seller delivers the goods to the carrier (or any other person) nominated by the seller and he/she shall pay the cost of carriage necessary to bring the goods to the named destination. This means that the buyer bears all risks and any additional costs occurring after the goods have been delivered to the nominated carrier (or any other person). Seller has fulfilled his/her obligation to deliver once the goods are handed over to the nominated carrier, but still pays the costs for the carriage to the named destination. Make sure to specify the point of delivery to the carrier in the Contract, as the risk passes to the buyer at this point. If subsequent carriers are used for the carriage to the agreed destination, the risk passes to the buyer once the goods have been delivered to the first carrier. The CPT term requires the seller to clear the goods for export, but seller has no import responsibilities or import costs.

**Carriage and Insurance Paid to (CIP)**

The seller delivers the goods to the carrier (or any other person) nominated by him and the seller shall pay the cost of carriage necessary to bring the goods to the named destination. This means that the buyer bears all risks and any additional costs occurring after the goods have been delivered to the nominated carrier (or any other person). Make sure to specify the point of delivery to the carrier in the Contract, as the risk passes to the buyer at this point. Seller has fulfilled his/her obligation to deliver once the goods are handed over to the nominated carrier, but still pays the costs for the carriage to the named destination. However, when the CIP applies the seller also has to procure insurance against the buyer’s risk of loss of or damage to the goods during the carriage. Consequently, the seller contracts for insurance and pays the insurance premium. The buyer shall note that under CIP the seller is required to obtain insurance only on minimum cover. Should the buyer wish to have an enhanced insurance cover, he would either need to clearly agree with the seller on this or subscribe for own additional insurance. If subsequent carriers are used for the carriage to the agreed destination, the risk passes when the goods have been delivered to the first carrier. The CIP term requires the seller to clear the goods for export, but seller has no import responsibilities or import costs.

**Delivered at Terminal (DAT)**

The seller has met his/her obligations to deliver once the goods have been unloaded from the arriving mode of transport at a named terminal (warehouse, container yard, port, cargo terminal etc.) at the named port or other named place of destination. The goods shall be placed at the disposal of the buyer. The seller bears all risks until the goods are unloaded at the terminal. It is at buyers own cost and risk to get the goods from the terminal to the final destination. Seller shall clear the goods for export, but seller has no import responsibilities or import costs.

**Delivered at Place (DAP)**

The seller has met his/her obligations to deliver once the goods are placed at the disposal of the buyer on the arrived means of transport at a named port or other
named place of destination. Seller bears all risks of bringing the goods to the named port/destination, but notice that unloading of goods is not seller’s responsibility. Seller delivers before unloading. Seller shall clear the goods for export, but has no import responsibilities or import costs.

**Delivery Duty Paid (DDP)**

*Maximum risk and obligations on seller/minimum on buyer*  
The seller has met his/her obligations to deliver once the goods are delivered to the buyer, cleared through customs cleared for import, but not unloaded from the arriving means of transport at the named place of destination. The seller has to bear all the costs and risks involved in bringing the goods to the named place of destination. This includes that seller bears all export and import obligations, risks, and costs in bringing the goods to the named destination.

While the EXW term represents the minimum obligation and costs for the seller, DDP represents the maximum obligation and cost for the seller. This term shall not be used if the seller is unable directly or indirectly to obtain the import licence. However, if the parties wish to exclude from the seller’s obligations some of the costs payable upon import of the goods (such as value-added tax VAT), this shall be made clear by adding explicit wording to this effect in the contract of sale. If the parties wish the buyer to bear all risks and costs of the import, the DAP term shall be used.

**Rules for Sea and Inland Waterway Transport:**

**IncoTerm (2010)**

**Definition and description**

**Free Along Ship (FAS)**

*Minimum risk and obligations on seller/maximum on buyer*  
The seller has met his/her obligations to deliver once the goods are placed alongside the vessel (nominated by the buyer) at the named port of shipment, and cleared for export. All risk and costs are on the seller until this point of delivery. Once the goods are placed alongside the vessel, risk and costs are transferred to the buyer.

The FAS term requires the seller to clear the goods for export, but seller has no import responsibilities or import costs. If goods are shipped in containers, it is common that seller hands over the goods to the carrier at a terminal, and not alongside the vessel. In this case the FCA term shall be used.

**Free on Board (FOB)**

The seller has met his/her obligations to deliver once the goods are loaded onboard the vessel (nominated by the buyer) at the named port of shipment. This means that the buyer bears all costs and risks of loss of or damage to the goods from that point and onwards. The FOB term requires the seller to clear the goods for export, but seller has no import responsibilities or import costs. If the goods are handed over to the carrier before loaded onboard the vessel, which is often the case with goods transported in containers, the FCA term is applicable.

**Cost and Freight (CFR)**

The seller has met his/her obligations to deliver once the goods are loaded onboard the vessel at the port of shipment. The seller shall contract for and pay the costs and freight necessary to bring the goods to the named port of destination, but the buyer bears all risks (damage, loss etc.) and any additional costs occurring after the goods have been delivered onboard the vessel. It is very important to identify and describe the port of shipment in the Contract as this is where risks pass from the seller to the buyer. The CFR term requires the seller to clear the goods for export, but seller has no import responsibilities or import costs.

**Cost, Insurance and Freight (CIF)**

*Maximum risk and obligations on seller/minimum on buyer*  
The seller has met his/her obligations to deliver once the goods are loaded onboard the vessel in the port of shipment. The seller shall contract for and pay the costs and freight necessary to bring the goods to the named port of destination, but the buyer bears all risks (damage, loss etc) and any additional costs occurring after the goods have been delivered onboard the vessel. It is very important to identify and describe the port of shipment in the Contract as this is where risks pass from the seller to the buyer. However, in CIF the seller also has to procure marine insurance against the buyer’s risk of loss of or damage to the goods during carriage. Consequently, the
seller contracts for insurance and pays the insurance premium. The buyer shall note that under the CIF term the seller is required to obtain insurance only on minimum cover. If buyer wishes to have an enhanced insurance cover, he/she would either need to clearly agree with the seller on this or subscribe for own additional insurance. The CIF term requires the seller to clear the goods for export, but seller has no import responsibilities or import costs. If more risks and cost are wished to be transferred to the seller the terms DAT, DAP or DDP shall be applied.

6.9 LEGAL ASPECTS – WARRANTY OBLIGATIONS

The GTC establish warranty obligations of the seller which are significantly more extended than what a seller is generally including in his/her own general terms and conditions, and which could be contrary to local customs. If it is foreseen that this could be a hindrance to obtain offers, consider limiting these provisions in the Purchase Order/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 also 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.

Since Service Contracts with a contract value above EUR 150,000 are unlikely to occur, the Local Open Tender and International Open Tender Procedure for Service Contracts is not described in this Manual. Should one of these procedures be required, please contact the DCA Procurement and Logistics Unit for assistance and standard tender documents.

A Service Contract is a contract for the provision of a defined service. It covers all intellectual and non-intellectual services other than those covered by Supply Contracts, Works Contracts and Property Contracts.

Service Contracts also comprise the following contract forms:

- A Study Contract is a contract which includes studies for the identification and preparation of projects, feasibility studies, technical studies and audits.
- A Technical Assistance Contract is a contract in which the Contractor is called on to play an advisory role, to manage or supervise a project or to provide the consultants specified in the Contract.
- Freight Contracts are contracts covering transport of goods from one site to another (unless the freight is included in the Supply Contract).

Rent of a vehicle with a driver is also a Service Contract.

When rental of equipment and venues are direct projects costs it is not considered a Service Contract, but a Supply Contract (e.g., rent of vehicle or conference room). Be aware that some services such as repair of machinery, cleaning services or small scale catering might be considered running costs and therefore not subject to procurement procedures. (See section 4.11 for more information on running costs.)

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 hence for the Contracting Authority as an employer rather than merely a party to a contract for the provision of a service. Employment Contracts are not covered by this Manual and are not subject to procurement procedures. (See section 7.3 for more information on this matter.)

<table>
<thead>
<tr>
<th>SERVICES</th>
<th>Up to EUR 9,999 (and in exceptional cases)</th>
<th>EUR 10,000 - 149,999</th>
<th>EUR 150,000 - 299,999</th>
<th>Above EUR 300,000</th>
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<tbody>
<tr>
<td></td>
<td>Simple Procedure</td>
<td>Negotiated Procedure</td>
<td>Local Open Tender Procedure</td>
<td>International Open Tender Procedure</td>
</tr>
<tr>
<td></td>
<td>See section 7.1</td>
<td>See section 7.2</td>
<td>Contact ProLog for instructions and standard documents</td>
<td>Contact ProLog for instructions and standard documents</td>
</tr>
</tbody>
</table>

**Ethical Considerations**

The procurement of services involves 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 specific 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 Code of Conduct for Contractors locally. See section 1.2 + 1.2.1 for more information on ethical procurement principles and implementation.

### The use of the Standard Templates for Service Contracts

In Annex SER 2 you will find the standard templates for Service Contracts. 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; and identification, preparation and implementation of projects.

In the context of a construction project, they 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 this case however, a specific contract shall be used (included in Annex SER 1), because of the specificity of the engineering services required and the necessary link to the Works Contract.

Note that the templates are not appropriate for other kinds of Service Contracts, which do not involve the provision of “intellectual” services. This could be as contracts for transport, financial services, cleaning services, accommodation, catering etc. Should the standard templates for Service Contracts not fulfil your needs, please contact DCA Procurement and Logistic Unit for advice.

### 7.1 THE SIMPLE PROCEDURE

The Simple Procedure is the simplest procurement procedure. This procedure is, as a general rule applicable within the threshold EUR 0 - 9,999. In special cases, described in section 4.8.1 the Simple Procedure can be applied for procurement above EUR 9,999.

The Simple Procedure does not require that more than one candidate is invited to submit a proposal. It is though important to stress that the contract price shall correspond with the present market price or lower. This shall always be justified and filed in the procurement file. To prove that the price corresponds with the market price you can e.g. search the internet, refer to recent contracts, or obtain at least three written or non-written proposals. Please make sure that all non-written proposals are put down in writing and filed in the procurement file.

Before the process is initiated, make sure that all members of the Procurement Committee sign the Declaration of Impartiality and Confidentiality.

#### Contracts below EUR 2,000

A contract shall always be issued for procurement above the value of EUR 2,000. For procurement below EUR 2,000 it is optional to issue a contract, but an invoice shall in all cases be received and filed. As this lower boundary allows for more flexibility in issuing contracts under the value of EUR 2,000 it is important to be aware of the risks involved. In order to minimise risks and ensure that contractors are aware of the GTC and Code of Conduct for Contractors, in some contexts it may be advisable to issue a contract for services of a value less than EUR 2,000.

**NOTE:** For EuropeAid funded projects it is a requirement to issue a contract irrespective of the contract value. Make sure always to check donor rules.
### The steps involved in the Simple Procedure for Service Contracts

<table>
<thead>
<tr>
<th>Step</th>
<th>Task</th>
<th>Description</th>
<th>Annex</th>
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<tbody>
<tr>
<td>1</td>
<td>Draft TOR.</td>
<td>Draft TOR.</td>
<td>SER 2: Request for Proposal</td>
</tr>
<tr>
<td>2</td>
<td>Publish an advertisement of business opportunities.</td>
<td>The Advertisement of Business Opportunities can be posted in the local or regional newspapers, on a local notice board or in other public places.</td>
<td>GEN 8: Template for Advertisement of Business Opportunities</td>
</tr>
<tr>
<td>3</td>
<td>Approach potential candidates or search media.</td>
<td>Collect a minimum of three proposals/prices.</td>
<td>SER 2: Request for Proposal</td>
</tr>
<tr>
<td>4</td>
<td>Evaluation and Contract.</td>
<td>Evaluate proposals/prices and select the best offer. Issue the Contract (optional below EUR 2,000)</td>
<td>SER 3: Evaluation Grid for Negotiated Procedure SER 4: Contract or SER 2: Request for Proposal (Contract included in the RFP)</td>
</tr>
<tr>
<td>5</td>
<td>Receipt and inspection.</td>
<td>Inspect that services received comply with the Contract. Sign and file a proof of receipt/delivery note.</td>
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</tr>
</tbody>
</table>

**Step 1: Terms of Reference**

Identify the service(s) required and draft TOR (see section 4.13.2). The services are often part of project activities and it is probable that a TOR has already been drafted in a context other than procurement. Personnel in charge of programme activities are usually in charge of drafting the TOR.

**Step 2: Advertisement**

Make sure that the Advertisement of Business Opportunities is published in due time to allow the candidates sufficient time to express their interest in the potential business opportunity.

Advertisement helps the Procurement Committee source new local candidates and it will generate competition as well as promote transparency and accountability. The advertisement shall be published in the relevant local or regional newspapers (which 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, on a notice board in front of the local office, at the local market or in other relevant public places. The local radio station can also be contacted to make an advertisement.

(The template in Annex GEN 8 is used for standard advertisement of business opportunities.)

When sourcing new suppliers it is recommended to obtain general information on sector and country specific ethical risks. Also carry out a small scale risk analysis on candidates’ ethical business performance e.g. CSR policy, health policy, SA8000 certification etc. The findings shall be documented and integrated in the evaluation of candidates in the next (step 4). (See section 1.2.1 for the implementation of the Ethical Procurement Principles.)

**Step 3: Request for Proposal**

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. The obtained prices/proposals shall be documented and filed in the procurement file. The advantage of using a written RFP is that it prevents misunderstandings and ensures that all the required information is obtained in one go. The written RFP also provides an opportunity to specify ethical requirements, such as ISO or SA8000 certifications. If a non-written proposal is obtained 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 important to communicate the ethical principles and standards to the candidates.

NOTE: Be aware of specific donor requirements such as EuropeAid’s Rule of Nationality.

Step 4: Evaluation and Contract

Evaluate the received proposals. For evaluation it may be useful to apply the Evaluation Grid also used for the Negotiated Procedure (Annex SER 3).

After selecting the best offer a contract shall be issued by the Procurement Committee in accordance with the draft Contract presented in the RFP (SER 2) or the separate contract in Annex SER 4. Short guidelines on how to complete the Contract are presented therein. Check if the Contract has to be adapted to local legislation, local traditions or local requirements, as appropriate. Never delete articles 9 (eligibility) or 10 (audits) in case of an ECHO or EuropeAid funded project (EU requirements). Also do not delete or make alteration to the GTC for Service Contracts Ver2 2012. Incorporate in the Contract all agreements reached with the selected Candidate and attach the annexes (See article B.11 in the draft Contract).

The Contract shall be forwarded unsigned to the selected candidate and returned to the Contracting Authority with all pages duly signed. 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 and returning the signed copy to the Contractor, 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 Code of Conduct for Contractors without exceptions or amendments.
- For new contractors - make sure that sufficient references and company data have been collected, or preferably that a Contractor Registration Form has been submitted by the Contractor.

NOTE: The latest version of the GTC shall be applied to all contracts. If the Contractor cannot accept the GTC, the Procurement Committee shall decline that proposal and continue the process with another candidate.

Step 5: Receipt

Ensure that the services received comply with the Contract.

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**The Simple Procedure applied in special cases to contracts above EUR 10,000**

In special cases an automatic derogation is granted to apply the Simple Procedure for contracts above EUR 9,999 – irrespective of the contract value. A prior approval from the DCA head of Procurement and Logistics Unit is not required. See section 4.8.1 for restrictions and the situations this is reserved for.
7.2 THE NEGOTIATED PROCEDURE

The Negotiated Procedure is more formal than the Simple Procedure. This procedure is applicable for 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 and for contracts above EUR 30,000 an award notice is required to be published on the DCA website. Letters to all unsuccessful 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 the Contract.

Before the process is initiated make sure that all members of the Procurement Committee sign the Declaration of Impartiality and Confidentiality.

The steps involved in the Negotiated Procedure for Service Contracts.

<table>
<thead>
<tr>
<th>Step</th>
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<td>GEN 8: Template for Advertisement of Business Opportunities</td>
</tr>
<tr>
<td>3</td>
<td>Make a short list of a minimum of 4-8 candidates.</td>
<td>Use e.g. available databases or the internet to source new candidates.</td>
<td>GEN 13: List of Suppliers/Candidates and Tender Receipt Form</td>
</tr>
<tr>
<td>4</td>
<td>Submit the RFP.</td>
<td>Prepare the RFP and submit it simultaneously to all selected candidates.</td>
<td>SER 2: Request for Proposal</td>
</tr>
<tr>
<td>5</td>
<td>Evaluate proposals.</td>
<td>Evaluate proposals in writing by using the Evaluation Grid.</td>
<td>SER 3: Evaluation Grid for Negotiated Procedure</td>
</tr>
<tr>
<td>6</td>
<td>Interview candidates (optional).</td>
<td>There is an option to interview candidates who have obtained a minimum technical score. The evaluation grid can be adjusted after interviews.</td>
<td></td>
</tr>
<tr>
<td>7</td>
<td>Negotiate (optional).</td>
<td>There is an option to negotiate the terms. Rules are described further in this chapter.</td>
<td></td>
</tr>
<tr>
<td>8</td>
<td>Final evaluation and Contract.</td>
<td>After final evaluation the Service Contract in the RFP shall be completed and sent to the successful candidate.</td>
<td>SER 2: Request for Proposal</td>
</tr>
<tr>
<td>9</td>
<td>Submit letters to unsuccessful candidates.</td>
<td>Unsuccessful candidates shall be notified of the result of the procedure.</td>
<td>SER 5: Letter to Unsuccessful Candidates</td>
</tr>
<tr>
<td>10</td>
<td>Publish the Award Notice.</td>
<td>To be published on the DCA website.</td>
<td>GEN 17: Award Notice</td>
</tr>
</tbody>
</table>
**Service Contracts**

| 11 | Receipt and inspection. | Inspect that the services received comply with the Contract. Sign and file a proof of receipt/delivery note. |

**Step 1: Terms of Reference**

Identify the service(s) required and draft TOR (see section 4.13.2). The services are often part of project activities and it is probable that TORs have already been drafted in a context other than procurement. Personnel in charge of programme activities are usually in charge of drafting the TOR.

**Step 2: Advertisement**

Make sure that the Advertisement of Business Opportunities is published in due time to allow the candidates sufficient time to express their interest in the potential business opportunity.

Advertisement helps the Procurement Committee source new local candidates and it will generate competition as well as promote transparency and accountability. The advertisement shall be published in the relevant local or regional newspapers (which 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, on a notice board in front of the local office, at the local market or in other relevant public places. The local radio station can also be contacted to make an advertisement.

(The template in Annex GEN 8 is used for standard advertisement of business opportunities.)

**Step 3: Short List**

Prepare a short list with a minimum of three candidates. It is recommended to include 4-8 candidates, to ensure that a minimum of three proposals are obtained.

As an option the DCA supplier database ADMIND or other local databases can be used to identify candidates. When sourcing new contractors it is recommended to obtain general information on sector and country specific ethical risks. (See section 4.12.2 for more information on how to source new contractors.)

Always carry out a small scale risk analysis on the candidates ethical business performance e.g. CSR policy, environmental policy, health policy, relevant certifications etc. The findings shall be documented and integrated in the evaluation of candidates in step 5. (See section 1.2.1 for implementation of the Ethical Procurement Principles.)

**Step 4: Request for Proposal**

Thoroughly prepare the RFP and approach the candidates for a proposal. The RFP shall be forwarded simultaneously (same day) to all the selected candidates. This is to ensure that all candidates are given an equal amount of time to prepare and submit their proposal. Also start drafting the Contract in accordance with the draft Contract presented in the RFP in Annex SER 2.

At this stage it is important to communicate the ethical principles and standards to the suppliers. When preparing the RFP decide on:
a. **Type of Remuneration**

The Service Contract may be a ‘Global price’ contract, a ‘fee-based’ contract or a mix of the two (i.e. a global amount for fees with reimbursable expenses). One of the three options has to be chosen in article A 6 of the RFP (instructions to candidates) and in clause B 7 of the Draft Contract.

‘Global price’ contracts, are normally used when: the definition of the tasks to be performed is clear and unambiguous; when the commercial risks taken by the candidate are relatively low; or when the candidate is prepared to perform the assignment for an agreed predetermined global price. Such price has been agreed upon on the basis of inputs (including rates) provided by the candidate. The Contracting Authority agrees to pay the candidate according to a schedule of payments linked to the delivery of certain outputs, e.g. reports. 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, economic, sector, simple feasibility and engineering studies.

‘Fee-based’ contracts are used for assignments for which remuneration is being determined on the basis of the time actually spent by the contractor in carrying out the services. Such contracts are recommended when the scope of the services cannot be established with sufficient precision, or the duration and quantity of services depend on variables that are beyond the control of the contractor. In fee-based contracts the contractor provides services on a time basis according to quality specifications and the 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 requires the Contracting Authority to closely supervise the contractor and to be involved in the daily execution of the assignment.

a. **Evaluation Criteria**

In the standard RFP an evaluation model which can be applied is presented. (See article A 11 in the RFP (SER 2) and the Evaluation Grid in SER 3)

Examples of evaluation criteria could be: proposed remuneration, the Candidate’s experience in the field, qualifications, specific experience in the region/country of the assignment, adequacy of the proposed methodology, work plan and approach in responding to the TOR, conditions and time limits for performing the services, and ethical requirements. The chosen evaluation criteria shall be of relevance to the project, and they shall be usable for evaluation. The advantage of this approach is that it is easily evaluated by the Procurement Committee.

The Procurement Committee may apply a different evaluation procedure. This shall then be amended in the RFP and the Evaluation Grid shall be adjusted accordingly.

b. **Timeframe**

When are the services required and for which period(s)?

c. **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 and/or the Contract.

d. **Payment Terms**

What payment terms shall be applied?

e. **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 contract of high value.

**Follow up on Submission of the RFP**
To ensure that sufficient offers will be received on time it is recommended to contact all shortlisted candidates 1–2 days after submitting the RFP to ask the suppliers if they intend to submit an offer before the deadline. When a short deadline is required, it is particularly good practice to follow up with the candidates and explain the importance of completing the Submission Form (and the Organisation and Methodology annex, when of relevance) and submitting the offer prior to the deadline.

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**Step 5: Evaluation**

Upon receipt of the proposals, register the time when the offers were received and carry out the evaluation utilising the Evaluation Grid in Annex SER 3. Please note that candidates who have not submitted their proposal before the deadline shall not be considered.

For comparison and evaluation of the proposals, the Procurement Committee shall take into consideration the criteria selected in the RFP and the weight attributed to each criterion. Instructions on how to attribute scores and weighted scores are included in the Evaluation Grid (Annex SER 3). I.e. proposals will be ranked according to their combined technical (St) and financial (Sf) scores using the weighting of 75% for the technical proposal and 25% for the offered price. (See the Evaluation Grid in Annex SER 3 and RFP for further guidance Annex in SER 2)

The Procurement Committee may apply a different evaluation procedure. This shall then be amended in the RFP and the Evaluation Grid shall be adjusted accordingly.

Please note that candidates who have submitted their offer after the deadline shall not be considered.

**Recommendations on Evaluation Challenges**

**PRICES ARE TOO HIGH**
In case all candidates have offered prices which are too high and/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 (stating the amendments and new deadline) and requested a revised proposal.

**LESS THAN THREE PROPOSALS ARE RECEIVED**
If less than three proposals have been received and if some candidates have declined to submit a proposal, it is allowed to proceed with the best offer - provided that the General Procurement Principles are met. E.g. it shall be ensured that all candidates have been given sufficient time to submit a proposal, that all candidates have acknowledged the receipt of the RFP, and all candidates who have submitted a letter of interest are invited. 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 4.12.2 for how to source new candidates). Lack of candidates in the local market is not sufficient grounds for proceeding with less than three proposals. A market survey would reveal this fact during the planning stage and derogations from Negotiated Procedure to Simple Procedure should have been requested.
Step 6: Interview of Candidates (optional)

The candidates who are administratively compliant (having passed the questions in Part A of the Evaluation Grid) can be invited for an interview. 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.

Step 7: Negotiate Terms (optional)

If pertinent, the Procurement Committee has the option to negotiate the terms of the Contract. Negotiations shall not entail any substantial deviation from the terms and conditions of the RFP. The purpose of the negotiations is to obtain better conditions in terms of technical quality, implementation periods, 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 prices proposed by all candidates exceed the limits of the funds made available to the Contracting Authority by its donor/funding agency.

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

The negotiations can be done by email, fax, phone, or at a meeting. In the two latter cases a written recap shall be prepared, filed, copied and submitted to the Candidate as well as for the procurement file.

There are no specific procedures for negotiations except that the General Procurement Principles shall always be respected.

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

Step 8: Final Evaluation and Contract Award

The Contracting Authority shall award the Contract to the Candidate whose proposal has been determined to be substantially responsive to the requirements of the RFP and which has obtained the highest overall score, provided that the Candidate has also been determined to fulfil the eligibility and non exclusion criteria. I.e. proposals will be ranked according to their combined technical and financial scores using the weighting of 75% for the Technical Proposal; and 25% for the offered price.

Once a candidate has been selected and the Contract awarded by the Procurement Committee the draft Contract shall be separated from the RFP and renamed “Contract”. The Contract shall be drafted in accordance with the draft Contract presented in the RFP in Annex SER 2 and short guidelines on how to complete the Contract are presented therein.

Check if the Contract has to be adapted to local legislation, local traditions or local requirements, as appropriate, Never delete articles 9 (eligibility) or 10 (audits) in case of an EU funded-project (EU requirements). Also do not delete or make any alterations to the GTC for Service Contracts Ver2 2012. Incorporate in the Contract all agreements reached with the selected Candidate and attach the relevant annexes (see article B 11 in the draft Contract of the RFP).
The Contract shall be forwarded unsigned to the selected candidate and returned to the Contracting Authority with all pages duly signed. 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 and returning the signed copy to the Contractor, 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 Code of Conduct for Contractors without exceptions or amendments.
- For new contractors - make sure that sufficient references and company data has been collected, or preferably that a Contractor Registration Form has been submitted by the Contractor.

NOTE: The latest version of the GTC shall be applied to all contracts. If the Contractor cannot accept the GTC, the Procurement Committee shall decline that proposal and continue the process with another candidate.

Step 9: Letter to Unsuccessful Candidates

Once the selected candidate has returned the Contract duly signed, a Letter to Unsuccessful Candidates shall be sent to the unsuccessful candidates informing them of the result of the procedure i.e. the name of the successful candidate, the total contract amount and the scores as per the Evaluation Grid.

Step 10: Award Notice

An award notice can be published on the DCA website. This is optional for contracts up to EUR 29,999 and obligatory for contracts above EUR 30,000.

The publishing of an award notice on the DCA website can be exempted if the Procurement Committee considers a public notice might endanger the organisation’s safety or harm its interests.

For posting an award notice on the DCA website please forward the award details to the DCA Procurement and Logistics Unit. The information required is: description of service; contract value and currency; source of funding; date of contract; contract no.; beneficiary country; and name of the selected candidate.

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

Step 11: Receipt

Ensure that the services received comply with the Contract and issue a Completion Certificate or other relevant documentation e.g. the report.
### Annexes for Service Contracts when applying Negotiated Procedure

| GEN 2 | Declaration of Impartiality and Confidentiality | Mandatory |
| GEN 8 | Template for Advertisement of Business Opportunities | Mandatory |
| GEN 13 | List of Suppliers/Candidates and Tender Receipt Form | Mandatory |
| SER 2 | Request for Proposal | Mandatory |
| SER 3 | Evaluation Grid for Negotiated Procedure | Mandatory |
| SER 5 | Letter to Unsuccessful Candidates | Mandatory |
| GEN 17 | Award Notice | Mandatory (Optional below EUR 30,000)

### 7.3 LEGAL ASPECTS – EMPLOYMENT CONTRACTS VERSUS SERVICE CONTRACTS

The standard documents and related tendering procedures do not, in principle, apply to employment contracts i.e. 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 in relation to the client.
- The technical and functional integration of the worker into the productive and organisational structure of the client.
- The exercise of managerial and disciplinary powers, that is to be found, strictly speaking, only in subordinate/employment relationship.
- The commercial risk relating to the activity, resting finally with the client.
- The form of payment/salary (not linked directly to a result, in an employment relationship).

This distinction might not have much significance under certain legal systems (such as in Denmark), where labour law is flexible and allows forms of employment which are qualified by the ILO as "a typical employment", including part time work and fixed term contracts.

Under many other national systems (e.g. in many Latin, civil-law countries), the distinction is fundamental because of a rigid labour law which imposes strict dismissal procedures for all kinds of employment contracts, and very limited possibilities for entering fixed-term contracts. When operating in a country with rigid labour law, Contracting Authorities shall be very careful never to hire a service provider/consultant under a contract which could be qualified by a local court as an Employment Contract. The risk being not having the possibility of terminating the relationship at the expiry of the services, or at the price of a costly dismissal procedure; plus the risk of the application of all labour law protective provisions in favour of the "employee".

The Service Contract in the RFP (SER 2) or in Annex SER 4 exclude clearly any link of subordination between the Contracting Authority and a service provider, and places a clear responsibility on a service provider in respect of the outcomes of the provided services.
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 Procedure will not be described in this Manual. Should the procedures be required, please contact the DCA Procurement and Logistics Unit for assistance and standard tender documents.

'Works' means the outcome of building or civil engineering taken as a whole and 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 and/or buying the necessary resources to fulfill this obligation (i.e., the entrepreneur hires the labour, brings all equipment and buys the construction materials and supplies).

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.

Local 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 though important to be aware that too strict requirements may discourage local companies to submit 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.

<table>
<thead>
<tr>
<th>WORKS</th>
<th>Up to EUR 9,999 (and in exceptional cases)</th>
<th>EUR 10,000 - 299,999</th>
<th>EUR 300,000 - 2,999,000</th>
<th>Above EUR 3,000,000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Simple Procedure</td>
<td>See section 8.1</td>
<td>See section 8.2</td>
<td>Contact ProLog for instructions and standard documents</td>
<td>Contact ProLog for instructions and standard documents</td>
</tr>
<tr>
<td>Negotiated Procedure</td>
<td></td>
<td></td>
<td></td>
<td></td>
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<tr>
<td>Local Open Tender Procedure</td>
<td></td>
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<tr>
<td>International Open Tender Procedure</td>
<td></td>
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<td></td>
<td></td>
</tr>
</tbody>
</table>

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 and/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 Code of Conduct for Contractors locally. See section 1.2 + 1.2.1 for more information on ethical procurement principles and implementation.
The Administration and Supervision of Works Contracts
A local 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. This is a Service Contract (see Annex SER 1).

The administration and supervision of a Works Contract can also be entrusted to an employee of the Contracting Authority, such as the Project Manager. In this case it is an Employee Contract and not a Service Contract. (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 would be very 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, as a general rule, applicable within the threshold EUR 0 - 9,999. In special cases, described in section 4.8.1, the Simple Procedure can be applied for procurement above EUR 9,999.

The Simple Procedure does not require that more than one candidate is invited to submit a proposal. It is though important to stress that the price shall correspond with the present market price or lower. This shall always be justified and filed in the procurement file. To prove that the price corresponds with the market price you can e.g. search the internet, refer to recent contracts, or obtain at least three written or non-written proposals. Please make sure that all non-written proposals are put down in writing and filed in the procurement file.

Before the process is initiated, make sure that all members of the Procurement Committee sign the Declaration of Impartiality and Confidentiality.

Contracts below EUR 2,000
A contract shall always be issued for procurement above the value of EUR 2,000. For procurement below EUR 2,000 it is optional to issue a contract, but an invoice shall in all cases be received and filed. As this lower boundary allows for more flexibility in issuing contracts under the value of EUR 2,000 it is important to be aware of the risks involved. In order to minimise risks and ensure that contractors are aware of the GTC and Code of Conduct for Contractors, in some contexts it may be advisable to issue a contract for purchases of a value less than EUR 2,000.

NOTE: For EuropeAid funded projects it is a requirement to issue a contract irrespective of the contract value. Make sure always to check donor rules.

The steps involved in the Simple Procedure for Works Contracts.

<table>
<thead>
<tr>
<th>Step</th>
<th>Task</th>
<th>Description</th>
<th>Annex</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Draft technical specifications.</td>
<td>Understand the technical specifications of the works to be procured.</td>
<td>WOR 1: Request for Proposal</td>
</tr>
<tr>
<td>2</td>
<td>Publish an advertisement of business opportunities.</td>
<td>The Advertisement of Business Opportunities can be posted in the local or regional newspapers, on a local notice board or in other public places.</td>
<td>GEN 8: Template for Advertisement of Business Opportunities</td>
</tr>
<tr>
<td>3</td>
<td>Approach potential contractor(s) or search the media.</td>
<td>Collect a minimum of three prices/proposals.</td>
<td>WOR 1: Request for Proposal</td>
</tr>
<tr>
<td>4</td>
<td>Evaluation and Contract.</td>
<td>Evaluate the proposals, select the best proposal and issue the Contract.</td>
<td>WOR 3: Evaluation Grid and Report</td>
</tr>
</tbody>
</table>

WOR 2: Contract (Optional below EUR
Step 1: Technical Specifications

Identify the works to be procured from the Procurement Plan and draft technical specifications. The specifications shall be drafted by the engineer, architect or other specialist in cooperation with the project manager. Understand the specifications and works to be ordered (see section 4.13.1) and determine whether it is necessary and/or relevant to divide the works into lots (e.g. depending on the capacity of local construction companies). Clearly defined technical specifications are important to enable the candidates to plan ahead and provide feedback on the specifications.

Prepare the technical specifications alongside the RFP.

Step 2: Advertisement

Make sure that the Advertisement of Business Opportunities is published in due time to allow the candidates sufficient time to express their interest in the potential business opportunity.

Advertisement helps the Procurement Committee source new local candidates and it will generate competition as well as promote transparency and accountability. The advertisement shall be published in the relevant local or regional newspapers (which 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, on a notice board in front of the local office, at the local market or in other relevant public places. The local radio station can also be contacted to make an advertisement (the template in Annex GEN 8 is used for standard advertisement of business opportunities.)

When sourcing new candidates it is recommended to obtain general information on sector and country specific ethical risks. Also carry out a small scale risk analysis on candidates ethical business performance e.g. CSR policy, health policy, SA8000 certification etc. The findings shall be documented and integrated in the selection of candidates in step 4. (See section 1.2.1 for the implementation of the Ethical Procurement Principles.)

Step 3: Request for Proposal

Approach the candidates for a written or non-written quotation, 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. The obtained prices/quotations shall be documented and filed in the procurement file. Although optional, the use of a written RFP is strongly recommended. The advantage of using a written RFP is that it prevents misunderstandings and ensures that all the required information is obtained in one go. The written RFP also provides an opportunity to specify ethical requirements such as ISO or SA8000 certifications.

When preparing the RFP take into consideration whether the contract is: a short term (less than a year) or a long term contract; is of low or high risk of delays, insurance uncertainties, deficient quality, uncertainties on permits or authorisation, lack of capacity to administer contract etc.; and whether the construction company is a small local company or a large international company (see section 8.3). The higher the value and risk involved it becomes more important 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 local companies from lodging a proposal.
If a non-written proposal is obtained the Procurement Committee shall make a written note of the price, name of candidate, description of works and note the date. This note shall be filed in the procurement file.

At this stage it is important to communicate the ethical requirement and standards to the candidates.

NOTE: Be aware of specific donor requirements such as EuropeAid’s Rules of Nationality and Origin.

**Step 4: Evaluation and Contract**

Evaluate the proposals received. For evaluation it may be useful to apply the Evaluation Grid and Report also used for the Negotiated Procedure (see Annex WOR 3).

After selecting the best offer a contract shall be issued by the Procurement Committee (see Annex WOR 2). Short guidelines on how to complete the Contract are presented therein. Check if the Contract has to be adapted to local legislation, local traditions or local requirements, as appropriate. 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 includes the GTC and the Code of Conduct for Contractors which shall never be amended. If derogations and/or specifications are needed for a specific Works Contract instructions for that purpose are included in the Contract itself. Please consider carefully the legal issues specified in section 8.3. Incorporate into the Contract all agreements reached with the selected candidate (e.g., amount of global price, bank account references, etc.) and attach all requested annexes.

Although the GTC for Works Contract provide two different kinds of contracts, a ‘global price’ contract or a ‘unit-price’ contract, the standard dossier for RFP and the Works Contract applies 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/proposals are called, 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, ablution units, which are the most commonly constructed buildings under DCA projects.

The Contract shall be forwarded unsigned to the selected candidate and returned to the Contracting Authority with all pages duly signed. 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 and returning the signed copy to the Contractor, the Procurement Committee shall ensure:

- That adequate and exact reference is made in the Contract to the relevant quotation/RFP.
- That the Contractor acknowledges the GTC and the Code of Conduct for Contractors without exceptions or amendments.
- For new contractors - make sure that sufficient references and company data has been collected, or preferably that a Contractor Registration Form has been submitted by the Contractor.

NOTE: The latest version of the GTC shall be applied to all contracts. If the candidate cannot accept the GTC the Procurement Committee shall decline that proposal and continue the process with another candidate.
Step 5: Administration and Inspection

The administration of a Works Contract and the inspection of the works require a particular expertise in this area. For example, the "measurement" of the works (art 39 of the GTC) and the determination whether the works can be considered "completed" (art 45 of the GTC) cannot be left to someone other than an engineer or a project manager having the adequate qualifications. A qualified engineer should not have difficulties in understanding the standard contractual clauses and in taking all necessary dispositions (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.

The Simple Procedure applied in special cases to contracts above EUR 10,000

In special cases an automatic derogation is granted to apply the Simple Procedure for contracts above EUR 9,999 – irrespective of the contract value. A prior approval from the DCA head of Procurement and Logistics Unit is not required. See section 4.8.1 for restrictions and the situations this is reserved for.

Annexes for Works Contracts when applying Simple Procedure

<table>
<thead>
<tr>
<th>Annex</th>
<th>Description</th>
<th>Mandatory/Optional</th>
</tr>
</thead>
<tbody>
<tr>
<td>GEN 2</td>
<td>Declaration of Impartiality and Confidentiality</td>
<td>Mandatory</td>
</tr>
<tr>
<td>GEN 8</td>
<td>Template for Advertisement of Business Opportunities</td>
<td>Mandatory</td>
</tr>
<tr>
<td>WOR 1</td>
<td>Request for Proposal</td>
<td>Optional</td>
</tr>
<tr>
<td>WOR 3</td>
<td>Evaluation Grid and Report</td>
<td>Optional</td>
</tr>
<tr>
<td>WOR 2</td>
<td>Contract</td>
<td>Mandatory (Optional below EUR 2,000)</td>
</tr>
</tbody>
</table>

8.2 THE NEGOTIATED PROCEDURE

The Negotiated Procedure is more formal than the Simple Procedure. This procedure is applicable for the threshold of EUR 10,000 – 299,000 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 and for contracts above EUR 30,000 an award notice is required to be published on the DCA website. Letters to all unsuccessful 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 the Contract.

Before the process is initiated make sure that all members of the Procurement Committee have signed the Declaration of Impartiality and Confidentiality.

The steps involved in the Negotiated Procedure for Works Contracts.

<table>
<thead>
<tr>
<th>Step</th>
<th>Task</th>
<th>Description</th>
<th>Annex</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Draft technical specifications.</td>
<td>Understand the technical specifications of the works to be procured.</td>
<td>WOR 1: Request for Proposal</td>
</tr>
<tr>
<td>2</td>
<td>Publish an advertisement of business opportunities.</td>
<td>The Advertisement of Business Opportunities can be posted in the local or regional newspaper, on a local notice board or in other public places.</td>
<td>GEN 8: Template for Advertisement of Business Opportunities</td>
</tr>
<tr>
<td>3</td>
<td>Make a short list of a minimum of 4-8 candidates.</td>
<td>Use e.g. available databases or the internet to source new candidates.</td>
<td>GEN 13: List of Suppliers/Candidates and Tender Receipt Form</td>
</tr>
<tr>
<td>4</td>
<td>Submit the RFP.</td>
<td>Prepare the RFP and submit it simultaneously</td>
<td>WOR 1: Request for Proposal</td>
</tr>
<tr>
<td>Step</td>
<td>Description</td>
<td>Evaluation Grid and Report</td>
<td>Contract</td>
</tr>
<tr>
<td>------</td>
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</tr>
<tr>
<td>5</td>
<td>Evaluate proposals.</td>
<td>Evaluate proposals in writing by using the Evaluation Grid.</td>
<td>WOR 3</td>
</tr>
<tr>
<td>6</td>
<td>Negotiate (optional).</td>
<td>There is an option to negotiate the terms. Rules are described further in this chapter.</td>
<td></td>
</tr>
<tr>
<td>7</td>
<td>Final evaluation and Contract.</td>
<td>After final evaluation the Contract shall be issued and sent to the successful candidate.</td>
<td>WOR 2</td>
</tr>
<tr>
<td>8</td>
<td>Submit letters to unsuccessful candidates.</td>
<td>Unsuccessful candidates shall be notified of the result of the procedure.</td>
<td></td>
</tr>
<tr>
<td>9</td>
<td>Publish the Award Notice.</td>
<td>To be published on the DCA website.</td>
<td>GEN 17: Award Notice (Optional below EUR 30,000)</td>
</tr>
<tr>
<td>10</td>
<td>Administration of Works Contract and inspection of works.</td>
<td>Inspect that the works received comply with the Contract. Sign and file a Certificate of Final Completion.</td>
<td></td>
</tr>
</tbody>
</table>

**Step 1: Technical Specifications**

Identify the works to be procured from the Procurement Plan and draft technical specifications. The specifications shall be drafted by the engineer, architect or other specialist in cooperation with the project manager. Understand the specifications and works to be ordered (See section 2.5) and determine whether it is necessary and/or relevant to divide the works into lots (e.g. depending on the capacity of local construction companies). Clearly defined technical specifications are important to enable the candidates to plan ahead and provide feedback on specifications.

Prepare the technical specifications alongside the RFP.

**Step 2: Advertisement**

Make sure that the Advertisement of Business Opportunities is published in due time to allow the candidates sufficient time to express their interest in the potential business opportunity.

Advertisement helps the Procurement Committee source new local candidates and it will generate competition as well as promote transparency and accountability. The advertisement shall be published in the relevant local or regional newspapers (which 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, on a notice board in front of the local office, at the local market or in other relevant public places. The local radio station can also be contacted to make an advertisement (Use the template in Annex GEN 8 for standard advertisement of business opportunities.)

**Step 3: Short List**

Prepare a short list with a minimum of three candidates. It is recommended to include 4-8 candidates to ensure that a minimum of three proposals are obtained.

Before short listing the candidates the following shall be evaluated:
- The candidate’s previous experience with similar works
- The candidate’s references
- Capacity of the candidate to implement
- Experience of the staff
- The candidate’s access to plant and equipment
As an option the DCA supplier database ADMIND or other local database can be used to identify candidates. When sourcing new contractors it is recommended to obtain general information on sector and country specific ethical risks. (See section 4.12.2 for more information on how to source candidates.)

Always carry out a small scale risk analysis on the candidates ethical business performance e.g. CSR policy, environmental policy, health policy, relevant certifications etc. The findings shall be documented and integrated in the evaluation in step 6 (see section 1.2.1 for implementation of the Ethical Procurement Principles.)

Step 4: Request for Proposal

Thoroughly prepare the RFP and approach the candidates for a proposal. When preparing the RFP take into consideration whether the contract is: a short term (less than a year) or a long term 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 local company or a large international company. The higher the value and risk involved, it becomes more important to include clauses ensuring the execution of the works and protecting the interest of the Contracting Authority (see section 8.3). It is though important to be aware that too strict requirements may discourage local companies from lodging a proposal.

The RFP shall be forwarded simultaneously (same day) to all the selected candidates. This is to ensure that all candidates are given an equal amount of time to prepare and submit their proposal. At this stage it is important to communicate the ethical principles and standards to the candidates.

NOTE: Be aware of specific donor requirements such as EuropeAid's Rules of Nationality and Origin

Follow up on submission of the RFP

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

Step 5: Evaluation

Upon receipt of the proposals, register the time when the offers were received and carry out the evaluation utilising the Evaluation Grid and Report in Annex WOR 3. Please note that candidates who have not submitted their proposal before the deadline shall not be considered.

For comparison and evaluation of the proposals, the Procurement Committee shall take into consideration the criteria selected in the RFP and the weight attributed to each criterion. Instructions on how to attribute scores and weighted scores are included in the Evaluation Grid and Report (Annex WOR 3). i.e. proposals will be ranked according to their combined technical (St) and financial (Sf) scores using the weighting of 40% for the technical proposal and 60% for the offered price (see Annex WOR 3 and Annex WOR 1 for further guidance).

The Procurement Committee may apply a different evaluation procedure. This shall then be amended in the RFP and the Evaluation Grid and Report shall be adjusted accordingly.
**Recommendations on Evaluation Challenges**

**PRICES ARE TOO HIGH**
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 (stating the amendments and new deadline) and requested to provide a revised proposal.

**LESS THAN THREE PROPOSALS ARE RECEIVED**
If less than three proposals have been received and if some candidates have declined to submit a proposal, it is permitted to proceed with the best offer provided that the General Procurement Principles are met. E.g. it shall be ensured that all candidates have been given sufficient time to submit a proposal, that all candidates have acknowledged the receipt of the RFP, and all candidates who have submitted a letter of interest are invited. If it is not possible to find a minimum of three qualified candidates in the market, it is important to survey broader markets e.g. in neighbouring districts and countries (see section 4.12.2 for how to source new candidates). Lack of candidates in the local market is not sufficient grounds for proceeding with less than three proposals. A market survey would reveal this fact during the planning stage and derogations from Negotiated Procedure to Simple Procedure should have been requested.

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**Step 6: Negotiate Terms (optional)**

If pertinent, the Procurement Committee has the option to negotiate the terms of the Contract. Negotiations shall not entail any substantial deviation from the terms and conditions of the RFP, but shall have the purpose of obtaining better conditions in terms of delivery date, technical quality, payment conditions etc.

Negotiations may however have the purpose of reducing the scope of the works or revising other terms of the Contract in order to reduce the total price. This may be necessary when prices proposed by all candidates exceed the limits of the funds made available to the Contracting Authority by its donor/funding agency.

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

The negotiations can be done by email, fax, phone, or at a meeting. In the two latter cases a written recap shall be prepared, filed, copied and submitted to the Candidate as well as for the procurement file. There are no specific procedures for negotiations except that the General Procurement Principles shall always be respected.

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.

**Step 7: Final Evaluation and Contract Award**

Proceed with the final evaluation. The Contracting Authority shall award the Contract to the Candidate whose proposal has been determined to be substantially responsive to the requirements of the RFP and which has obtained the highest overall score, provided that the candidate has also been determined to fulfil the eligibility and non-exclusion criteria. I.e. proposals will be ranked according to their combined technical and financial scores using the weighting of 40% for the Technical Proposal; and 60% for the offered price.

Once a candidate has been selected and the Contract awarded by the Procurement Committee the draft Contract shall be drafted in accordance with the Contract presented in the RFP in Annex WOR 1. Short guidelines on how to complete the Contract are presented herein. Check if the standard contract has to
be adapted to local legislation, local traditions for Works Contracts or local requirements, as appropriate. 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. It is though important to be aware that too strict requirements may discourage local companies from entering the Contract.

The standard Contract includes the GTC and the Code of Conduct for Contractors which shall never be amended. If derogations and/or specifications are needed for a specific Works Contract instructions for that purpose are included in the Contract itself. Please consider carefully the legal issues specified in section 8.3. Incorporate into the Contract all agreements reached with the selected candidate (e.g., amount of global price, bank account references, etc.) and attach all requested annexes.

Although the GTC for Works Contract provide two different kinds of contracts, a “global price” contract or a “unit-price” contract, the standard dossier for RFP and the Works Contract applies 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/proposals are called, 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, ablution units, which are the most commonly constructed buildings under DCA projects.

The Contract shall be forwarded unsigned to the selected candidate and returned to the Contracting Authority with all pages duly signed. 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 and returning the signed copy to the Contractor, 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 Code of Conduct for Contractors without exceptions or amendments.
- For new contractors - make sure that sufficient references and company data has been collected, or preferably that a Contractor Registration Form has been submitted by the Contractor.

NOTE: The latest version of the GTC shall be applied to all contracts. If the candidate cannot accept the GTC the Procurement Committee shall decline that proposal and continue the process with another candidate.

Step 8: Letter to Unsuccessful Candidates

Once the selected candidate has returned the Contract duly signed, a Letter to Unsuccessful Candidates shall be sent to the unsuccessful candidates informing them of the result of the procedure, i.e. the name of the selected candidate, the total contract amount and the scores as per the Evaluation Grid.

Step 9: Award Notice

An award notice can be published on the DCA website. This is optional for contracts up to EUR 29,999 and obligatory for contracts above EUR 30,000.

The publishing of an award Notice on the DCA website can be exempted if the Procurement Committee considers a public notice on a contract award might endanger the organisation’s safety or harm its interests.

For posting an Award Notice on the DCA website please forward the award details to the DCA Procurement and Logistics Unit. The information required is: description of product; contract value and
currency; source of funding; date of contract; contract no.; beneficiary country; and the name of the selected supplier.

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

Step 10:  Administration and Inspection

The administration of a Works Contract and the inspection of the works require particular expertise in this area. For example, the "measurement" of the works (art 39 of the GTC) and the determination whether the works can be considered "completed" (art 45 of the GTC) cannot be left to someone other than an engineer or a project manager having adequate qualifications. A qualified engineer should not have difficulties in understanding the standard contractual clauses and in taking all necessary dispositions (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.

| Annexes for Works Contracts when applying the Negotiated Procedure | |
|---|---|---|
| GEN 2 | Declaration of Impartiality and Confidentiality | Mandatory |
| GEN 8 | Template for Advertisement of Business Opportunities | Mandatory |
| GEN 13 | List of Suppliers/Candidates and Tender Receipt Form | Mandatory |
| WOR 1 | Request for Proposal | Mandatory |
| WOR 3 | Evaluation Grid and Report | Mandatory |
| WOR 2 | Contract | Mandatory |
| WOR 4 | Letter to Unsuccessful Candidates | Mandatory |
| GEN 17 | Award Notice | Mandatory (Optional below EUR 30,000) |

8.3 LEGAL ASPECTS

For Works Contracts special precautions have to 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**

- Inherent risk for serious accidents/damages and uncertainty about insurance coverage.
- Inherent risk for delays.
- Risk of deficient quality.
- Lack of capacity/difficulty for the Contracting Authority in managing and administering complicated contracts.
- Possible uncertainty on building permits and authorisations.
- In particular 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 local engineer shall be hired or a project manager with necessary construction experience appointed. 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 Annex SER 1).

- International technical assistance shall be obtained when local capacity is lacking e.g. obtain 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 locally, 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/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 (e.g. municipal 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 Annex WOR 2).
  - Mandatory applicable laws and regulations in the country of execution are known in advance and incorporated in the conditions of the Contract (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 (article 47 of GTC and Contract in Annex 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 particular expertise in this area and cannot be left to someone other than an engineer or a project manager having the adequate qualifications (for example, the “measurement” of the works (art. 39) and the determination that the works can be considered “completed” (art. 45 + 51). A qualified engineer should not have difficulties in understanding the standard contractual clauses and in taking all necessary dispositions (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 Annex SER 1).

A difficult part in the administration of a Works Contract is the determination of “interim payments” (art. 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 RFQ 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/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 particular 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 local lawyer, both under the local 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. Local labour law 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 local 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. DCA Procurement and Logistic Unit may be consulted for advice on these options.
9 GENERAL 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, GTC, Code of Conduct for Contractors, TOR, 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 annexes can be amended and filled in. Note that the text of the GTC and Code of Conduct for Contractors shall never be amended. However, that does not mean that there cannot be derogation(s) to some of their provisions. The GTC contain a list of rights and obligations which shall always apply in contracts entered into with DCA or Partners, unless it is specifically indicated otherwise in the Contract.

9.2 VALIDITY PERIOD OF THE QUOTE, PROPOSAL AND TENDER

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 a chosen date (the duration shall be chosen carefully). The company legally obliged to enter the Contract with the Contracting Authority, under the conditions of its quote/proposal/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, in spite of 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 (see section 9.3 below).

If it is foreseen that the evaluation process or the negotiations are taking more time than expected and the Contract cannot be awarded before the expiry of the validity period, the invited suppliers/candidates shall be requested to confirm in writing that they grant an extension of the validity of their quote/proposal/tender until a new specified date.

9.3 PREPAYMENT, TENDER AND PERFORMANCE GUARANTEES

Each set of documents includes the possibility of requesting financial guarantees: 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, depending on the financial system in a given country), that if the supplier/candidate fails to comply with its obligations towards the Contracting Authority, the bank/insurance company will satisfy the Contracting Authority’s claim for a certain financial amount.

Different countries have different financial practices concerning these kinds of guarantees. Therefore the Guarantees can be requested in the form of a bank guarantee, banker’s draft, certified cheque or irrevocable letter of credit. This on the condition that any such form of guarantee creates an at-first-demand obligation for the bank/guarantor (i.e. the guarantor has to 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 local lawyer or the bank’s trade finance department shall be consulted to ensure proper legal coverage.
Local practices and costs shall guide the decision as to whether such guarantees shall be required or may reasonably be obtained from contractors. It is not uncommon that suppliers/candidates withdraw/change their offer in the validity period due to changes in the market price/availability. In these cases guarantees shall be considered if the local banks issue bank guarantees and is it a known practice in the local tender market to request guarantees.

These guarantees are payable ‘on first demand’ and are therefore 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/candidates withdrawing their offers in the validity period (Tender Guarantee). Moreover they are committed to deliver the correct supplies/services/works at the agreed time (Performance Guarantee). When applying a tender guarantee the suppliers/candidates will put greater effort to make the offers and it will reduce the participation of unreliable suppliers.

**DISADVANTAGES**
When applying a tender guarantee, some suppliers may decide not to submit an offer as they will not take the risk due to the unstable market they operate in or if they do decide to submit an offer, the risk may be added to the price.

**Prepayment Guarantee**
In the event of a contractor being in breach of the Contract before delivering the supplies, performing the services or executing the works is covered by a prepayment. This type of guarantee ensures that the Contracting Authority can recover the amount of any prepayment made to a contractor. It is recommended that such a guarantee is requested when the Contract provides for a substantial prepayment and local circumstances might create uncertainties as to future performance of the Contract. It 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/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 value of the Prepayment Guarantee.

A template for at Prepayment Guarantee is found in Annex 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 local conditions makes it relevant (e.g. high volatility of prices). The compensation is generally between one and two per cent of the total tender price. The Tender Guarantee shall be released upon the end of the 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 Annex GEN 10-2.

**Performance Guarantee**
The Performance Guarantee covers broadly all obligations of the Contractor (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.

If no default of the Contractor has occurred, the Performance Guarantee shall be terminated:
- For a Supply Contract, upon expiry of the warranty period (the Guarantor will therefore probably ask for a clear determination of such date (see relevant article of the General Terms and Conditions and the Purchase Order).
- For a Service or Works Contract, upon completion of the contract. A Certificate of Final Completion may be required for works.

A template for a Performance Guarantee is found in Annex GEN 10-3.

NOTE: 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 always 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 local 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/project.

Generally it might be relevant to apply local law in the following cases: supplies bought and delivered locally; services performed locally by a local consultant; location where works are constructed and the Contractor is local. When a given local law is underdeveloped or subject to uncertainties, and/or the Contract is concluded with a contractor established in another country, it can be better to designate a foreign law\(^\text{18}\).

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 (although national courts generally recognise their ability to apply foreign laws). The GTC therefore provide that

\(^{18}\) 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.
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 see section 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 DCA projects are implemented may be unfit for such litigation due to backlogs, lack of capacity and/or corruption. In such cases, and if the Contract in question is closely connected to that country (local contractor, local execution), it shall be investigated whether there could be a more effective local “Alternative Dispute Resolution” mechanism, e.g. established by a local Chamber of Commerce. 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 local courts to enforce foreign judgments. Often such judgments are not warmly received.

### Settlemens of Disputes

Despite the high complexity of these legal issues, it shall be noted that for DCA related projects, amicable/diplomatic settlement of disputes is preferred and it is highly improbable that DCA undertake a costly international litigation in case of a breach of a contract. If problems and disputes arise with a supplier/contractor, assistance from DCA Procurement and Logistics Unit can be requested. Please address such issues to procurement@dca.dk.

### 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 (see chapter 5).

The standard terms and conditions 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/Contract as a special clause.
## Glossary

<table>
<thead>
<tr>
<th>Term</th>
<th>Definition</th>
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<tbody>
<tr>
<td>Award criteria:</td>
<td>The criteria defined by the Contracting Authority to reward a supplier/candidate with a Supply, Service or Works Contract.</td>
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<tr>
<td>Award Notice:</td>
<td>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</td>
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<tr>
<td>Bid flow:</td>
<td>The timeframe from a tender/RFP/RFQ is published until the offer shall be received by the Contracting Authority.</td>
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<tr>
<td>Carrier:</td>
<td>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.</td>
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<tr>
<td>Tender:</td>
<td>The offer made by the Tenderer in response to a tender dossier.</td>
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<tr>
<td>Tenderer:</td>
<td>The supplier of supplies and/or services and/or works, who submits a tender dossier.</td>
</tr>
<tr>
<td>Certificate of Origin:</td>
<td>The official certificate issued by competent authorities which states the origin of supplies or equipment. The Certificate of Origin shall be obtained for purchases of equipment and vehicles when the unit price is more than EUR 5.000 for EuropeAid funded projects.</td>
</tr>
<tr>
<td>Coercive practice:</td>
<td>Impairing or harming, or threatening to impair or harm, directly or indirectly, any participant in the tender procedure to influence its activities improperly.</td>
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<tr>
<td>Collusive practice:</td>
<td>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.</td>
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<tr>
<td>Contract:</td>
<td>A legally binding document between a buyer (Contracting Authority) and a supplier of supplies and/or services and/or works.</td>
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<tr>
<td>Contractor:</td>
<td>The general term used in this manual referring to all types of economic operators concluding contracts with the Contracting Authority.</td>
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<tr>
<td>Corruption:</td>
<td>DCA defines corruption as the misuse of entrusted power for private gain. Corruption is a practice where a DCA or partner 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 particular contractor is winning a contract. Corruption may also occur in a more indirect form where the benefit is given to a third party (family, own business etc.).</td>
</tr>
<tr>
<td>Derogation:</td>
<td>The authorised allowance to depart from the general rules and procedures for procurement.</td>
</tr>
<tr>
<td>Eligibility:</td>
<td>Meeting the stipulated requirements or being qualified. Eligibility can e.g. refer to the eligibility of costs or eligibility of a supplier/candidate.</td>
</tr>
<tr>
<td>Ethical procurement:</td>
<td>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/or implications for society and environment.</td>
</tr>
</tbody>
</table>
Exclusion criteria: The criteria defined by the Contracting Authority to exclude a supplier/candidate from a procurement procedure.

Fee based price: The remuneration of a service provider/consultant (Service Contract) based on a daily fee-rate for an eight hour working day.

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/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 service provider/consultant 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.).

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, services and/or works.

Partner: The partner organisation to DCA that implements a project or program.

Import clearance agent: A person/company who offers the service of customs clearance of goods.

Incoterm: 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 supplies 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 similar items, services or works which can be procured from the same supply, service or works provider. A sub lot is the division of each lot into smaller lots of items or services which can be procured from the same or from several suppliers, service or works providers.

Monitoring agency: An agency which is responsible for verifying and certifying the quality, quantity, packing and marking of the supplies 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.

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.

Procurement: Procurement is the complete process of obtaining supplies, services and works from preparation and processing of a requisition through to receipt and approval of the invoice for payment.

Restricted Tender: The Restricted Tender is the applicable procurement procedure for a Service Contract with a value above EUR 200,000 for EuropeAid funded projects or programs.
Rules of Nationality and Origin: The Rule of Nationality refers to the nationality of the contractor signing a contract for European Aid-funded projects. Country of origin refers to the place where supplies or equipment are produced. The rule applies to Supply Contracts funded by European Aid. For supplies with components produced in more than one country, the country of origin is the country in which the item underwent the last, substantial, economically justified processing or working.

Running costs: Running costs are defined as recurring purchases/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, Works and Property Contracts. Service Contracts equally comprise Study, Freight (if not included in the Supply Contract) and Technical Assistance Contracts.

Shipper: A person who sends goods from one place to another by vessel (sea transport).

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 Dossier: A compilation of relevant documents which shall be received by all shortlisted suppliers/candidates for a contract above the value of EUR 150,000 (EUR 300,000 for Works Contracts). It consists of: Instructions to tenderers, technical specifications/TOR, draft contract, technical data form, tender submission form, GTC and Code of Conduct for Contractors (and other optional annexes).

Technical Specifications: Defines the characteristics and requirements related to supplies or works. It specifies requirements on e.g. quality, quantity, delivery, packing, compatibility, durability, safety, social/environmental performance etc.

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.

Urgent actions: Actions intended to meet immediate and unforeseeable humanitarian requirements generated by sudden natural or manmade disasters, such as floods, earthquakes and outbreaks of conflict or comparable situations. The concept of urgency also includes any situation, duly justified, in which the implementation of the humanitarian aid operation has to start immediately and where delay is incurred on the action by applying timely procurement procedures – hereby putting lives at risk. The concept of urgency cannot be based on circumstances that can be attributed to the Contracting Authority.

Works Contract: The outcome of building or civil engineering works, taken as a whole, which is sufficient in itself to fulfill 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 and/or buying the necessary resources to fulfill this obligation (i.e. the entrepreneur hires the labour, brings the equipment and buys the construction materials and supplies).
11 ANNEXES

The following annexes are contained in different folders.

**GEN** – General Annexes  
**SER** – Service Annexes  
**SUP** – Supply Annexes  
**WOR** – Works Annexes

The annexes will be updated on a regular basis – each update will be identified by a correction date. The latest version will always be available from [dcaprocurementmanual.dk](dcaprocurementmanual.dk) or requested by sending an email to [procurement@dca.dk](mailto:procurement@dca.dk)

### GENERAL ANNEXES

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12 USEFUL LINKS

ECHO
- ECHO helpdesk: http://www.dgecho-partners-helpdesk.eu/contact_us
- ECHO procurement information: http://www.dgecho-partners-helpdesk.eu/implementing_an_action/procurement
- General HPC information: http://ec.europa.eu/echo/partners/humanitarian_aid/procurement_en.htm

EuropeAid
- EuropeAid helpdesk: http://www.puntosud.org/helpdesk-europeaid/doku.php/howto/the_helpdesk
- EuropeAid list of eligible countries 2007-2013 (General annexes A2b Eligibility programmes): http://ec.europa.eu/europeaid/prag/annexes.do?group=A

Ethical Procurement:
- Danish Initiative for Ethical Trade (DIEH): http://www.dieh.dk/in-english/
- Ethical Trading Initiative: http://www.ethicaltrade.org/resources/key-eti-resources
- Country Portal (The portal is only launched in 2012): http://www.humanrightsbusiness.org/country+portal
- 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/
- Social Accountability International (SA8000 standard): http://www.sa-intl.org/

Incoterms
- Incoterms by the International Chamber of Commerce: http://www.iccwbo.org/incoterms/id3042/index.html
- Table overview of the 2010 Incoterms: http://www.sdstraining.co.za/Img_Upload_Departments/5719_113114751.jpg
DanChurchAid
- Official website: http://www.danchurchaid.org/
- DCA Procurement and Logistics Unit’s webpage: http://www.danchurchaid.org/about-us/quality-assurance/procurement-and-logistics

Other:
- The ACP Countries: http://www.acp.int/
- The DAC list of ODA recipients: http://www.oecd.org/document/45/0,3746,en_2649_34447_2093101_1_1_1_1,00.html