This third edition of the DCA Procurement Manual has been developed by DCA Procurement & Logistic Division in cooperation with Rambøll Management. In addition, the following sources have been used in the development of the manual and its annexes: Publicly accessible procurement documents from the World Bank, EuropeAid and ECHO Frameworks Partnership Agreement, “Annex IV, procedures for the award of contracts”.

A list of the main changes to the 3rd edition are uploaded on the website mentioned below.

This Manual is applicable for DCA operations and can be freely used by DCA and its implementing partners. If other organisations find this manual useful DanChurchAid will welcome requests for permission to use, reproduce the manual in part or in full. Enquiries should be addressed to DanChurchAid, Copenhagen, attention Head of Procurement procurement@dca.dk.

The manual is meant as a “living document”, to be updated regularly on the basis of experience. We encourage users to provide feedback and suggestions to the manual and annexes. Visit www.danchurchaid.org/procurement-questions to give your feedback and to view “questions and answers” on procurement issues.
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- GEN - General annexes
- SUP - Supply annexes
- SER - Service annexes
- WOR - Civil works annexes

The DCA procurement manual with annexes are available on: [www.danchurchaid.org/procurement-questions](http://www.danchurchaid.org/procurement-questions). The templates will be updated on a regular basis – each update will be identified by a correction date. The latest version will always be available on the above-mentioned link and can also be requested to procurement@dca.dk.

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DCA PROCUREMENT MANUAL

1. GENERAL

DCA Procurement Manual applies to all DCA operations whether implemented by DCA office or implemented by partners. If stricter procurement procedures are stipulated by a donor, then the donor’s procedures shall prevail (such as EDF and EuropeAid). If less strict procedure is set by the donor then the procedures described in this manual shall be followed.

Operations funded through the Global ACT network through 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 CO, and not the partner. However where there does exist a bilateral contractual relationship with a partner, either in the ACT network or otherwise, the policies and procedures of this manual will apply, and will be annexed to any cooperation agreement.

1.1 How to use this manual

The manual is organized in 4 sections and separate documents with general annexes, 4 separate sets of annexes are made for General annexes, Supply, Service and Civil Works contracts. The annexes can be downloaded from the following link www.danchurchaid.org/procurement-questions or be provided in electronic form upon request from DCA Head office, Procurement & Logistic Division, e-mail: procurement@dca.dk. The manual is meant as a “living document”, to be updated regularly on the basis of experience in the field and to be used by anyone involved in procurement, planning and implementation who find them useful. Please contact DCA Procurement & Logistic Division procurement@dca.dk for comments and suggestions.

Previously the manual contained information on stock handling – this section has been replaced with a new chapter “Transportation of Goods”. For information on stock handling please contact DCA Procurement & Logistic Division procurement@dca.dk, who can provide you with a manual on stock keeping.

This manual shall be used for
• understanding procurement management by DCA
• facilitating DCA/partners in managing procurement activities and drafting procurement documents
• training in procurement procedures
• proposal writing

This manual attempts to
• introduce key procurement concepts
• present procurement procedures in a straightforward way
• provide necessary templates to facilitate the procurement process
1.2 DCA Procurement Policy and General Principles

DCA personnel and partners shall always guarantee equal treatment of suppliers and high standards for integrity, transparency, price, performance and quality.

The following General Principles and procurement ethics shall always be respected and adhered to in all procurement irrespective to the procurement method:

- **Transparency, fairness and fraud prevention** is important so that everyone will know that funds are being honestly spent and accounted for.

- **Equal opportunity** ensures that the suppliers/contractors are provided with equal opportunity. Publish tender procurement contracts on the widest possible basis. This is without prejudice to the special procedures applicable to single quote, negotiated procedures, urgent operations, property contracts, the procurement of pharmaceuticals and medical equipment.

- **Economy and efficiency** (value for money) means that supplies, services and civil works will be purchased at a reasonable price. This also means that the procurement planning process of DCA/Partners is of satisfactory status.

The award of contracts, regardless of the procurement procedure followed, shall always conform to the principles of economy and efficiency. The works, services or goods supplied must comply with the following requirements:

(a) Satisfactory quality  
(b) Timely delivery or completion  
(c) Price corresponding to market prices

- **Effectiveness** means that the supplies, services and civil works will fulfil project objectives.

- **Certainty of the ability of the supplier/contractor to provide the supplies and services.** This has to be documented so that there is a reasonable assurance that what is promised can be provided.

- **Conflict of interest.** DCA or partner staff should be alert to individual or organisational conflicts of interest and/or non-competitive practices among suppliers. No procurement of supplies, services or civil works of any kind will be conducted if the supplier, to the knowledge of DCA or partner personnel,

  - is a member of any of DCA’s or partner’s employees’ immediate family  
  - has any financial interest with a DCA or partner employee.

- **Support the local community** Always endeavour to use local human and material resources whenever it is possible and pertinent.

1.3 Procurement Ethics

In all procurement DCA and implementing partners shall always ensure that:

- DCA and implementing partners, tenderers, candidates and contractors observe the highest ethical standards during the procurement and execution of contracts.

- non-exploitation of child labour and forced labour and the respect of basic social rights and working conditions by contractors.

- DCA or partners DO NOT use suppliers who are engaged in any sale or manufacture of land mines and/or cluster bombs or components.

DCA Ethical Purchasing Policy is contained in a separate document.
1.4  Procurement by DCA - Authorisation and responsibilities

1.4.1  DCA Partners and Regional Offices
According to DCA decentralisation policy, DCA Partners, DCA Regional Offices and other programmes funded by DCA (except international procurement for HMA programmes, see below), are responsible for procurement planning and implementation activities. Subject to the procedures established in this manual, authorisations and responsibilities will be in accordance with the internal rules for the specific office and/or programme. Consider carefully how those internal rules (in particular for award of contracts and for payment procedures) could impact on procurement procedures, and whether some particular rules might be necessary in order not to impede or slow down effective procurement.

As a service to partners and DCA regional office DCA Procurement and Logistics Division in Copenhagen (ProLog) can assist with the following procurement tasks:

- **At project preparation stage:** ProLog can assist with the procurement planning.
  
  Procurement planning is needed
  a) for your activity planning (procurement **time constraints** are too often under-estimated),
  b) for budgeting (identify storage, transport, spare parts etc.)
  c) for identifying the need for procurement capacity
  d) to identify if derogations from the procurement procedures are necessary.
  e) etc.
  
  Please see section 2.3 Procurement Planning.

- **At procurement implementation stage:** When procurement activities are significant, the services of a local logistician and, possibly, of an international consultant, will have been ensured for the practical/local implementation of procurement procedures (paper work, detailed market investigations, contacts with suppliers, filing of procurement documentation). ProLog can assist in the identification of experts (ProLog will establish a database of procurement experts).

  ProLog plans to provide training in the use of the present Manual to Partners and Regional Offices, a visit of ProLog can be planned at the beginning of project implementation for training of the local logistician and programme officers. Subject to availability, practical assistance can also be offered for complex procedures, such as open tenders.

  Depending on the project, ProLog’s assistance might be agreed upon for monitoring and supervision of procurement activities. As a general rule, ProLog is always available to partners and Regional Offices for any questions they might have on the present Manual and implementation difficulties, and for providing standard documents.

  For global funding project, the level of involvement by ProLog shall always be coordinated and agreed with GFU. For other projects (not global funding) the responsible Project Manager shall coordinate directly with ProLog.

1.4.2  Humanitarian Mine Action (HMA) programmes
For DCA Humanitarian Mine Action (HMA) programmes all international procurement shall be carried out by DCA Head office, Procurement & Logistic Division (unless otherwise stated in the approved procurement plan), and all local purchases shall be carried out the by the field personnel (Procurement Committee).

For procurement to be carried out by DCA Head Office, Procurement and Logistic Division (ProLog), please refer to the memorandum of understanding between the HMA unit and ProLog.

1.4.3  Procurement at DCA Head Office
Please refer to present internal rules and authorisations set by Head of ProLog.

For procurement to be carried out by DCA Head Office, Procurement and Logistic Division (ProLog), please refer to the memorandum of understanding between the GFU unit and ProLog.
1.4.4 Project with more than one implementing partner

In projects with several implementing partners, the following procurement decisions shall be made as early in the project phase as possible.

Option 1) Shall each partner carry out the procurement separately?
Option 2) Shall the procurement be done by one partner and coordinated with the other consortia partners?
Option 3) Shall part of the procurement be done jointly and part separately by each partner?

The decision shall be based on the general procurement principles and on donor demands.

The 1st option may be the best in situations, where the implementing partners are in very remote areas, supplies can be sourced in the local community, and the market is characterized by many small suppliers with limited capacity. The implementing partners are far from each other wherefore there is no economic advantage in making a joint purchase, with consideration to logistic costs and no savings by buying a large quantity.

The 2nd option may be the best solution where there is an economic and logistic advantage in making a joint purchase, which is often the case.

The 3rd option is a combination of the above two situations described above i.e. it may be best to procure part of the lots in the local community and for the remaining lots it is a clear advantage to make one joint procurement.

In all cases the project manager and procurement officers shall be aware, that the procurement method applicable in the above three cases are the same i.e. if for an ECHO project, each of the five partners needs to procure a generator for a unit value of EUR 2500,- the procurement method is a Negotiated procedure and not a single quote. The total value for the 5 generators must be taken into account. Therefore the advantages and the decision to apply option 1 shall be carefully considered.)

With several implementing partners a procurement plan should be made in the application phase clearly showing, which of the above options will be applied (Please refer to section 2.3 Preparing a procurement plan.)
1.5 Key considerations for proposal preparation

Sound planning of procurement is crucial. The project must determine which supplies, works and services are required to carry out the project, when they must be delivered, what standards are needed and which procurement method shall be followed for each contract.

1.5.1 Key considerations for project proposal preparation

The following steps are recommended for the preparation of a proposal:

- For each project activity, clearly identify the required supplies, services and civil works
- For hybrid contracts (mix of supplies, services and/or civil works), determine which component has the higher value in order to determine the procurement procedure. For hybrid contracts you should also take into consideration which type of contract, i.e. civil 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
- Establish whether the supplies are available at competitive prices from framework agreements
- 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 aspects described in section 3. Legal aspects
- Is the implementing office tax exempted? And will it be possible to obtain tax/VAT refund from the local authorities?
- Understand the procurement methods presented in this manual and consider the time required to carry out the procurement
- Prepare a procurement plan (complete the form in annex GEN 2-2)
- Determine the applicable procurement method which best supports the objective of obtaining value for money, foremost taking into account the defined thresholds but also the relevant market for such supplies, nature of the supplies required, and constraints present at any time. The Procurement Committee should take notice if stricter procurement procedures are stipulated by the donor
- Carefully consider the logistics – e.g. can all the goods be delivered in one go to the project site, is the security for theft in order or will it be necessary to arrange for warehousing facilities with guards. Remember to include all these costs in the budget
- Conduct an assessment of the procurement capacity by answering the questions presented in annex GEN 2-1. Is a procurement consultant required?
- Identify capacity building needs and include them as expense items in the project proposal, for example, 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.

(DCA Procurement & Logistic Divisions offers capacity building in procurement procedures as well as assistance in the implementation of procurement procedures – contact procurement@dca.dk for further information).

WARNING!

Lack of procurement planning can result in serious delays in implementation. A procurement plan is a key element in the activity plan/project cycle and shall always be prepared in the application phase.
2. PROCUREMENT PROCESS AND METHODS

2.1 Overall procurement process
Figure 1 shows the overall procurement process. Section numbers are shown to the right of each box.

![Diagram of the overall procurement process]

- Establish a Procurement Committee
- Group items or services to be purchased into lots
- Prepare a procurement plan
- Post a general ad announcing business opportunities
- Draft technical specifications and/or TOR
- Proceed with the procurement method to make a purchase (Supplies/Services/Civil works)
- Implement activities
- Update procurement plan & identify need for the next period

Figure 1

2.2 Procurement Committee
The Program Manager / Regional Representative shall ensure that a procurement committee is established before any procurement activities are initiated.

The Procurement Committee shall consist of at least 2 persons, the Procurement Officer and the Programme Manager (or a person appointed by the Programme Manager). The main responsibility of the Committee is:

a) To make sure that procurement activities are initiated on time
b) To make sure that all internal and external experts required for the project are being consulted early in the project phase and committed to provide the input/information/specifications needed for the procurement activities – and to ensure that procurement plan and activity plan correspond
c) To collect quotations, evaluate offers, issue purchase order (note below specific rules for open tenders section 2.2.2.)
d) The Procurement Officer shall be designated responsibility for the committee upholding the procedures stipulated in this manual.
e) Ensure that the procurement fulfills donor requirements (procurement procedures/rule of origin and nationality)

It is the overall responsibility of the Programme Manager to ensure that a Procurement Plan has been drafted and

a) corresponds to the programme’s operational plan in respect to material need and timing for delivery of material
b) that it fulfills donor requirements (procurement procedures/rule of origin and nationality)
c) to ensure sufficient cash flow in the programme to pay suppliers on time in order not to cause delays.
All members of the Procurement Committee shall sign a Declaration of impartiality and confidentiality (Annex GEN 1-1).

The role and tasks of the Procurement Committee/Evaluation Committee is further described under each procurement method.

2.2.1 The purpose of a Procurement Committee

The two main reasons for establishing a Procurement Committee are:

a) To ensure that procurement planning is considered and included in the project cycle and that key project staff understand how the timeframe for procurement will affect the project – and to ensure that all procurement requirements are planned for at the beginning of the project, i.e. to receive the right goods at the right time

b) To ensure that all procurement is carried out objectively in a fair and transparent manner and to prevent corruption and fraud. As a rule procurement and payment may not be done by the same person.

2.2.2 Evaluation Committee applicable for open tenders for all type of programmes

For local open tenders an Evaluation Committee is applicable. The Evaluation Committee must be an odd number (minimum 3 members) and posses the necessary technical and administrative expertise to perform tender evaluation. If this is not possible through appointment of the members of the Procurement Committee, such expertise must be gained through internal experts or external consultants. (For the same project the Procurement Committee may use different experts for evaluation of the individual lots whether it is a service (consultancy) or supply of works contract). However, the procurement officer shall always be a member of the Evaluation Committee as the expert on the procedures.

2.2.3 Special rules for DCA Humanitarian Demining Programmes (HMA):

The Programme Manager/Regional Representative shall establish a Procurement Committee, which shall be responsible for the local procurement and the procurement plan.

The committee shall have at least three members having respective expertise in logistics, technical & and financial management (Procurement Officer, Finance Officer and Operations Manager). The Procurement Officer shall be designated responsibility for the committee upholding the procedures stipulated in this manual and for preparing and updating the procurement plan. The task of the Finance Officer is to ensure that the procurement plan corresponds to the budget and to arrange for payment to suppliers. The Finance Officer shall not have any direct contact to contractors. The Operation Manager shall provide the Procurement Officer with technical specifications (with support from the technical advisors, when required) and assist in evaluation of local quotations and quotations received from DCA Head Office.

Section 2.2 describes the activities and responsibilities of the procurement committee.

For HMA programmes – if the procurement plan includes procurement outside the country of operation DCA ProLog shall be consulted in due time to provide input to the plan and for budget prices.
2.3 Preparing a procurement plan

It is highly recommended that a procurement plan is drafted as a part of the application even if not required by the donor, to ensure that all procurement/logistic costs are included in the budget and that procurement time constraints are considered in the activity plan, which are too often underestimated. **A procurement plan SHALL always be prepared as soon as the contract is received.**

The procurement plan should be prepared using the format in Annex GEN 2-2. The procurement plan is prepared by the Procurement Officer in cooperation with the project staff – the plan should answer the questions of what to buy, when to buy and how to buy.

2.3.1 Step 1 – Identify required resources and costs

What to buy – first it shall be established what resources are required (supplies, services, civil works). At this stage it is important to determine the minimum specification to obtain the correct budget prices.

For example – a generator: what size KWA is required; should it be supplied with a canopy to reduce noise level; should it be diesel or petrol; should installation be done by the supplier; is a spare part package required?

Estimated costs (budget prices) for supplies can be obtained from the ProLog product database and Procurement & Logistic Division at Head office. Since the estimated costs are essential for the determining thresholds for the applicable procurement methods, it is necessary for the Procurement Committee to perform its own market survey and compare prices with the ones in the database. Such market survey may, at the discretion of the committee, be more or less formal. Any larger differences in prices, compared to the database, should be reported to HQ for improvement of the database.

Considerations for logistics – such as local transport, clearance, import costs, insurance, warehousing and distributions shall also be taken into consideration when preparing the budget.

For products with a limited shelf-life it may be necessary to have partial deliveries which will increase the freight costs etc.

For civil works contracts – consider if an engineer is required to supervise the works of the contractor and include the costs in the budget.

For services – determine the field of expertise required.

2.3.2 Step 2 – Local market survey

Once the resource need has been established a thorough market survey shall be carried out to establish:

- Local availability of the required supplies services and/or civil works. The market survey should answer if the local quality is acceptable, prices, local trade customs and availability of resources. At this stage local suppliers should be mapped and registered using the format in annex GEN 2-1-1.
- For service contracts and civil works contracts – investigate availability of local consultants and contractors. It is recommended to check the record and reputation of the contractors and consultants.
- Import regulations and restrictions – once it has been established which resources (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 any of the required supplies require import licence or other supplies related documentation.

To avoid delays it is important that import regulations and restrictions are carefully investigated for all types of supplies, in particular for pharmaceutical products, medical equipment, radio and satellite communication equipment, mine detectors, plastic explosives, etc.
Preparing a procurement plan

- Local transport and storage – options and costs.
- Costs for customs clearing.

Tips for new market survey: As a starting point arrange meetings with other NGOs and UN organisations locally – and gain information from their experience.

2.3.3 Step 3 – Grouping of lots/tenders:

To get the best prices, all supplies, services and civil works required for the project shall be grouped into lots – preparing the lots is the process of grouping similar items which can be purchased from one supplier. First step is to divide the resources into three categories (supplies, Services, and Civil works). Thereafter group the items into lots/tenders.

<table>
<thead>
<tr>
<th>Resources</th>
<th>Supplies</th>
<th>Services</th>
<th>Civil works</th>
</tr>
</thead>
<tbody>
<tr>
<td>Lot/tender 1:</td>
<td>Construction materials</td>
<td>Lot/tender 1: Base line study</td>
<td>Lot/tender 1: Construction of tube wells</td>
</tr>
<tr>
<td>Sub-lots 1):</td>
<td>1a – Nails</td>
<td></td>
<td></td>
</tr>
<tr>
<td>1b – wood</td>
<td>1c – steel sheets</td>
<td></td>
<td></td>
</tr>
<tr>
<td>1d – steel tubes</td>
<td>1e – steel wire</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Lot/tender 2:</td>
<td>Life stock</td>
<td>Lot/tender 2: Engineer for supervision of the works contract</td>
<td>Lot/tender 2: Renovation of a school</td>
</tr>
<tr>
<td>Sub-lots</td>
<td>2a – Goats</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2b – chickens</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

1) For the lot/tender with construction material – you may decide to make sub-lots in the tender dossier and write in the tender dossier that the supplier can quote for one or all lots and the Contracting Authority reserves the right to award the contract(s) by lot, which means that even though you are making one Open tender for all construction material you may end up awarding the contract to several suppliers. The advantage is that some supplier may only be able to offer for some of the lots and you will be able to buy from the supplier who is offering the lowest price per lot and not the overall lowest price (often you save costs) – the disadvantage is that you will end up with administration of more than one contract. For open tenders, we often recommend that you make sub-lots when you have many different items within a category. This consideration is for the implementation stage not necessary at the application stage.

Procurement lots have several advantages:

- Suppliers can often quote lower prices – cost saving
- It reduces effort and cost of repeating the purchasing process many times – time saving
- It reduces overhead costs such as frequent advertising, bookkeeping and logistics - therefore cost saving.

Example of grouping of lots/tenders:

Lot 1 - Field equipment:
Camp beds, sleeping bags, mosquito nets, tents, chairs, lamps

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

Lot 3 - Stationary:
Pen, pencils, paper, file folders etc.
Lot 4 - Medical equipment:
Stretcher, oxygen tank, stethoscope, sterilizer etc.

Lot 5 - Generator:
5 Diesel generators including delivery to site, installation, a spare part package and after sales service for 2 years.

Lot 6 - Tube wells:
Works contract for the construction and delivery of tube wells with pumps

Lot 7 - Engineer:
Consultancy contract for supervision of the work (lot 6) and for drafting specifications for the tender

(See sample of the procurement plan annex GEN 2-2-1)

Procurement lots have the following disadvantages:
- Increased demand for storage facilities
- Increased demand for liquidity
- Requires careful planning

The above two issues must be taken into account at the planning stage, e.g. if additional storage is required, the costs should be included in budget and procurement plan.

**Running costs shall not be included in the procurement plan. Often there are doubts of what is considered running costs, DCA ProLog consider the following to be running costs (always check donor rules):**

- Procurement of gasoline
- Office consumables (stationary) whenever each purchase is below EUR 500
- Services and maintenance of vehicles and motorbikes
- Insurance costs
- Rent of office buildings
- Some services e.g. financial services, cleaning services, accommodation and catering.

**Running cost is defined as something that re-occurs e.g. each month.**

**2.3.4 Step 4 – Procurement method**

The procurement method is determined by the threshold of each lot (contract value of each lot). See section 2.6 for procurement methods.

Contract value is determined as the estimated costs including any additional service or options covered by the contract. If the contract establishes a running relationship, for example a service agreement, the contract value should include related payments for the entire contract period.

**Example:**
Lot 5 - Generator
5 Diesel generators including delivery to site, installation, a spare part package, after sales service for 2 years

The contract value for lot 5 is determined as the estimated costs for the Generators + delivery to site + installation + spare parts + service for 2 years.

Lot 6 – Tube wells
Works contract for construction and delivery of tube wells including pumps.

The contract value for lot 6 is determined as the estimated costs for the works (labour and rent of machines), supplies for the constructions, i.e. cement, sand etc., and the pumps including after sales service. Even though this works contract
has elements of supply and service and the component of the works is a low value due to the low labour wages, it shall be determined as a works contract if an entrepreneur is in charge of delivering the finished works and has the responsibility for finding and using all resources (human, plant, supplies) needed to achieve the result, i.e., the construction of the works as this contract.

Lot 7 – Engineer:
Engineer to supervise the works contract of the tube wells and draft specifications.

The contract value shall be determined by all the costs connected to the engineer, i.e. fees, reimbursable expenses etc.

### 2.3.5 Step 5 – Time constraints

Procurement **time constraints** are too often under-estimated.

For the overall duration of the project – the time required for carrying out the specific procurement method shall be taken into account, i.e. time for advertising, preparing specifications/TOR, issuing tender dossier, evaluation etc.

<table>
<thead>
<tr>
<th>Procurement method</th>
<th>Timeframe for the procedure</th>
<th>Supplier’s delivery time to site</th>
</tr>
</thead>
<tbody>
<tr>
<td>Single quote</td>
<td>Within 1-2 weeks</td>
<td>Shall be added</td>
</tr>
<tr>
<td>Negotiated procedure</td>
<td>3-8 weeks</td>
<td>Shall be added</td>
</tr>
<tr>
<td>Local open tender</td>
<td>10-14 weeks</td>
<td>Shall be added</td>
</tr>
<tr>
<td>International open tender</td>
<td>13-18 weeks</td>
<td>Shall be added</td>
</tr>
</tbody>
</table>

See annex GEN 2-3 for time tables for each procurement method.

Please refer to annex GEN 2-3 to see the minimum bid floating time for the open procedure. The above time schedules are including the required preparation of tender documents/RFQ, advertisement, contract negotiations etc. Depending on the complexity of the required resources the procurement process may be longer.

Consideration should always be given to the complexity of the contract whether it is a supply, service or civil work contract. A civil work contract may require more time to prepare for the Procurement Committee, the contractors may require more time to prepare the tender and site visits may be necessary.

Some supply and service contracts can also be complex and time demanding for both the Procurement Committee and the tenderers.

### 2.3.6 Step 6 – Specific donor requirements

For each project it is important to investigate the donor requirements for procurement. This manual represents the DCA minimum procurement procedures which shall be followed. As described in section 1, if stricter procurement procedures are stipulated by a donor, then the donor requirements shall prevail.

E.g. it may be that a donor has specific requirements in respect to country of origin – has a lower threshold for open tenders etc. If the donor has less strict requirements for procurement, then the procedures described in this manual shall be applied.

### 2.3.7 Step 7 – Procedure for request for derogation

To request for derogation = means that you ask for an exception to a rule / request to waive a rule.

Based on all the information collected (step 1-6), it may be necessary to request derogations from the DCA procurement manual and /or donor demands.

To whom and how to request for derogation:
Any derogation from the rules and procedures established herein is subject to written approval from DCA Procurement & Logistic Division, Head of Procurement, who will deal expeditiously with any request accompanied with proper justification. Write to the Procurement Office in ProLog.

If the derogation refers to specific donor requirements the request for derogation shall be included in the application (see sample of the procurement plan annex GEN 2-2-1). Local circumstances explaining the need for derogation have to be specified clearly and in detail (the donor’s official evaluation of the project proposal is not necessarily aware of the local circumstances).

Be aware of the EU rules in respect to nationality and country of origin for supplies.

Derogations from procurement procedures can be funded on:
- security issues
- operational reasons (see example no. 2 in below box)
- technical reasons (only one supplier due to patent)
- ethical reasons
- shortfall or unavailability on the market of the supplies
- transportation issues (see example no. 3 and 4 below)
- ground legislation in the country of operation (see example no. 3 below)

**EXAMPLES OF DEROGATIONS**

<table>
<thead>
<tr>
<th>Derogation on procurement method due to market issues:</th>
<th>Sri Lanka – shelter/water.</th>
</tr>
</thead>
<tbody>
<tr>
<td>DCA formally requests a derogation from a negotiated procedure in favour of a single quote for lot no: Sand &amp; Gravel. We ask for the derogation enabling us to support the suppliers in the local community. The suppliers in the local community have a permit from the government to supply sand and gravel from specific parts of the beaches. The majority of the suppliers do not possess the necessary skills to provide a written quotation to participate in a negotiated procedure. The intention is to divide the contract for sand and gravel into a number of smaller contracts with smaller suppliers from the local community after prospecting the local market.</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Derogation due to operational reasons:</th>
<th>Burundi Mine Action Programme.</th>
</tr>
</thead>
<tbody>
<tr>
<td>For lot no. 4, we kindly request you to grant us derogation on the procurement method and proceed with “Single quote”. The specific mine detector model (CEIA) is only available from one supplier. The model and brand of detector is already being used in the program and it is not feasible to have different brands of detectors in one program (considering training of deminers and after sales service of the detectors).</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Derogation on procurement method due to transport issues and local legislation:</th>
<th>Burundi Mine Action Programme.</th>
</tr>
</thead>
<tbody>
<tr>
<td>For lot no. 6 Explosives, we kindly request you to grant us a derogation to proceed with a single quote for this lot as we may only have one option for local supply due to the type of commodity and the difficulties for both international and local transport – as well as subject to the national law regarding importation, transport and purchase of explosives.</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Derogation on procurement method due to logistics and animal welfare:</th>
<th>Malawi food security programme.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Rules applicable to supply contracts (annex IV, section 5) - Please grant derogating from a local open tender in favour of a negotiated procedure for lot no. 6A and 7. Lot no. 7: Livestock - With consideration to animal welfare a long transport time should be avoided. The project sites cover 3 regions of the country with 4 units in the North, 3 units in the centre and 5 units in the south. The lot will be split into 3 lots, one lot for each region and we will proceed with a negotiated procedure in each region. Lot no. 6A: The fruit tree seedlings will be ordered from farmers and with consideration to the nature of the commodity, distribution and lead time, we will divide the lot into three lots – one lot for each region and proceed with a negotiated procedure in each region.</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Derogation on the rule of Origin (EuropeAid funding):</th>
<th>Burundi Mine Action Programme.</th>
</tr>
</thead>
<tbody>
<tr>
<td>We kindly ask you to grant us derogation on the rule of origin for all lots. A number of the items are not manufactured within the community or eligible countries e.g.</td>
<td></td>
</tr>
<tr>
<td>- communication equipment is manufactured in Asia and Australia,</td>
<td></td>
</tr>
<tr>
<td>- the required deminers vests and protective visors are manufactured in Norway,</td>
<td></td>
</tr>
<tr>
<td>- spare parts for the present Toyota fleet is manufactured in Asia,</td>
<td></td>
</tr>
<tr>
<td>- local service is not available for European motorbikes - only motorbikes manufactured in Asia offers local after sales service,</td>
<td></td>
</tr>
</tbody>
</table>
• the majority of the office equipment is manufactured in Asia,
• for lot no. 11. Vehicles: as the present vehicle fleet is Toyota we find it feasible to expand the present fleet with the same brand considering spare parts, service and repairs.

**Origin:**
Some donors have specific rules for origin and nationality – in these cases DCA Procurement & Logistic Division always recommend requesting for derogation on both origin and nationality to ensure the widest possible competition.

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### 2.3.8 Step 8 – Final procurement plan

Complete the procurement plan with incorporation of all information from steps 1-7.

For an example of a procurement plan – please see annex GEN 2-2. A procurement plan shall always be prepared at proposal stage to ensure timely procurement and to ensure correct budgeting.

*DCA Procurement & Logistic Division offer assistance for preparation of the procurement plan. If you require assistance please contact procurement@dca.dk.* Please allow us minimum one week prior to **deadline for submission of proposal.**

**WARNING!**
The procurement plan shall be carefully drafted with due consideration to the entire project cycle. Lack of procurement planning may result in serious delays in implementation and waste of funds.
2.4 General advertisement & how to source suppliers

2.4.1 General advertisement

At the beginning of a programme or a programme period, the Procurement Committee should post a general advertisement to inform the community as well as various suppliers and contractors about the business opportunities offered in the project. Irrespective of the procurement method a general advertisement shall always be made locally at the beginning of a project. Advertising will also help the Procurement Officer in sourcing the market for local suppliers.

Advertisement is necessary to

- Inform everyone about the business opportunities available
- Promote transparency and accountability
- Generate competition to obtain the best prices
- Provide the programme with new potential suppliers

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

Where newspapers are not the best media or not available, a notice can also be posted on the internet, in the radio, on a notice board in front of the local office, at the local market or in other public places.

See annex Gen 1-2 for sample of a General Advertisement.

2.4.2 How to source suppliers

The following gives sample on methods to source local suppliers/consultants/contractors.

Example of sourcing methods:

a) Advertisement
b) Internet
c) Local Chamber of Commerce
d) Trade organisation
e) Embassy/representative
f) References from other locally based organisations/companies
g) Local phone book (yellow pages)
h) Trade fairs/exhibitions

(a) Advertisement

A General Advertisement can be made in the local newspaper. A note on a board in front of the office and/or at the local market or other public places can be made. (See annex GEN 1-2 sample of General Advertisement)

(b) Internet

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

(c) Local Chamber of Commerce

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

(d) Trade organisation

Search the market for local trade organisations. Contact the embassy or representative; they will most likely have some useful information on trade organisations.
(e) Embassy/representative
Contact the local embassy or representative for a list of local suppliers; the embassy will likely charge you a fee. If you contact the local countries’ own embassy in for instance Denmark, they will provide you the information free of charge, as they want to promote their local suppliers/business.

(f) References from other local based organisations/companies
Talk to other organisations and other local/international companies and learn more about where they are buying their supplies, services and works.

(g) Phone book
Look at the local yellow pages.

(h) Trade fairs/exhibitions
Look at the relevant trade fairs, for example for medical items www.medica.de. Search on the internet for relevant trade fairs/exhibition.
2.5 Technical specifications and Terms of Reference

Thorough preparation of the Technical Specifications for goods and works or Terms of Reference for services is extremely important for the ultimate success of the project.

Greater effort during project preparation will save time and money in the later stages of the project cycle and will ensure that resources will not be wasted.

When preparing the Technical Specifications or Terms of Reference it is helpful to consult all parties involved in the proposed project in preparing Technical Specifications or Terms of Reference. This should improve both the quality of the project as well as the commitment of the project staff and beneficiaries.

Technical specifications and Terms of Reference define the characteristics required of a product, service or work with regard to the purpose for which they are intended - those characteristics for supplies and works include:

- Quality levels
- Environmental performance
- Design for all requirements
- Levels and procedures of conformity assessment
- Fitness for use
- Safety or dimensions, including, 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

2.5.1 Technical Specifications (buyer’s requirement)

Precise and clear specifications are prerequisite for suppliers to respond realistically and competitively to the requirements of the purchaser without qualifying or conditioning their offers.

Care must be taken in drafting specifications to ensure that they are not restrictive to a specific brand. In specifications for standards for materials, equipment, workmanship and other supplies, international standards should be used as much as possible. Where e.g. a national standard is referred to, the specifications should state that other standards with quality equal to the standard mentioned will also be acceptable.

Example: Specifications

When preparing technical specifications the use and place of use shall be taken into consideration.

E.g. vehicle - the type of tires required for the terrain; is a tow bar required; no. of spare wheels; are spare parts and service available locally? Type of engine - should be simple to repair (some engines can only be adjusted by a computer), etc.

Example: Procurement of Cement

When you procure cement it is not enough to just write “cement”, you should describe the quality you need, if you are not able to describe the quality then you minimum write for what purpose the cement is for.

The following technical specifications / requirements were applied in for procurement of cement for a project in Sri Lanka.

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

a) Please state type/material of bag/packing
b) Quality in accordance with Standard SLS 107 or equivalent standard. A copy of the certification shall be submitted with the offer
c) A technical data sheet shall be submitted with the offer
d) Specify quality certificates held by the company
e) Please state name of manufacturer
f) Please state brand name
g) Please state country of origin
h) Stock available upon submission of bid and location of stock – a separate document can be attached
Example: Procurement of a hoe

Often the project only write “hoe” in the technical specification. It is important to describe, length, thickness, material of handle, material of hoe.

An example from a project where they only wrote hoe in the specification – they ended up with a hoe which was constructed of wood only (no metal) – as a result the hoe broke after a few times use.

Warning!

Poorly drafted specifications may result in re-tenders which will delay implementation – or worse, risk of receiving inadequate/incorrect equipment and waste resources.

SUP-3 & SUP-4 contains a sample of technical requirement used in a tender.

For works contracts – use an engineer or staff member with technical background and experience in the field to draft the technical specifications. If an external engineer shall supervise the work, the technical specifications must be drawn in cooperation with him.

2.5.2 Terms of Reference (TOR)

In particular, the budget for the standard service contract incorporates a fixed provision for all as well as actual requirements of the Terms of Reference and must be carefully estimated.

The following general structure of Terms of Reference for services has been drawn up in accordance with the principles of 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 Terms of Reference (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
- Sub-contracting (if any)
- Reporting

The RFP and the tender dossier for services contain a skeleton Terms of Reference which indicates the minimum details to be provided within each of these section headings. The TOR shall be adjusted to the specific task.
2.6 Selecting a procurement method

When selecting an appropriate procurement method for each activity in the procurement plan, the Procurement Committee shall consider which category of resources to buy and the threshold (value) of the different categories.

Resources are generally categorised in the following:

**Supplies:** Supply contracts cover the purchase, operational leasing, rental or hire purchase of products (e.g. rent of vehicles with or without option to buy). The delivery of products may in addition include siting, installation and maintenance.

**Services:** Service contracts cover all intellectual and non-intellectual services other than those covered by supply contracts, works contracts and property contracts. Service contracts also comprise study and technical assistance contracts and freight contracts.

- **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).

**Civil works:** Works contracts cover either the execution, or both execution and design, of works or the realisation, by whatever means, of a work corresponding to the requirements specified by the contracting authority. 'Work' means the outcome of building or civil engineering works taken as a whole that is sufficient in itself to fulfil an economic or technical function. It is a works contract when an entrepreneur or construction company has the obligation of delivering works and is responsible for hiring and/or buying the necessary resources to fulfil this obligation (i.e., the entrepreneur hires the labour, brings the plant and equipment and buys the construction materials and supplies).

**Combined:** In case of a combined contract covering both supplies, services and/or civil works – the procurement method 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.

**Running Costs:** Often there are doubts of what is considered running costs, DCA ProLog consider the following to be running costs (always check donor rules):

- procurement of gasoline,
- office consumables (stationary) whenever each purchase is below EUR 500
- services and maintenance of vehicles and motorbikes
- insurance costs
- rent of office buildings
- some services e.g. financial services, cleaning services, accommodation and catering.

Running cost is defined as something that re-occurs e.g. each month.
### Selecting a procurement method

**SUPPLIES**

<table>
<thead>
<tr>
<th>Value of contract:</th>
<th>Use this method (Described in the following sections)</th>
<th>Key activity</th>
</tr>
</thead>
<tbody>
<tr>
<td>Up to EUR 9,999 and in exceptional cases</td>
<td>Single quote</td>
<td>Described in section 2.7.1</td>
</tr>
<tr>
<td>EUR 10,000-149,999</td>
<td>Negotiated procedure</td>
<td>Described in section 2.7.2</td>
</tr>
<tr>
<td>EUR 150,000-299,999</td>
<td>Local Open Tender</td>
<td>Described in section 2.7.3</td>
</tr>
<tr>
<td>Above EUR 300,000</td>
<td>International Open Tender</td>
<td>Described in section 2.7.4</td>
</tr>
</tbody>
</table>

**SERVICES**

<table>
<thead>
<tr>
<th>Value of contract:</th>
<th>Use this method (Described in the following sections)</th>
<th>Key activity</th>
</tr>
</thead>
<tbody>
<tr>
<td>Up to EUR 9,999 and in exceptional cases</td>
<td>Single quote</td>
<td>Described in section 2.12.1</td>
</tr>
<tr>
<td>EUR 10,000-149,999</td>
<td>Negotiated procedure</td>
<td>Described in section 2.12.2</td>
</tr>
<tr>
<td>EUR 150,000-299,999</td>
<td>Local open tender</td>
<td>Described in section 2.12.5</td>
</tr>
<tr>
<td>Above EUR 300,000</td>
<td>International Open Tender</td>
<td>Described in section 2.12.6</td>
</tr>
</tbody>
</table>

**WORKS**

<table>
<thead>
<tr>
<th>Value of contract:</th>
<th>Use this method (Described in the following sections)</th>
<th>Key activity</th>
</tr>
</thead>
<tbody>
<tr>
<td>Up to EUR 9,999 and in exceptional cases</td>
<td>Single quote</td>
<td>Described in section 2.13.1</td>
</tr>
<tr>
<td>EUR 10,000-299,999</td>
<td>Negotiated procedure</td>
<td>Described in section 2.13.2</td>
</tr>
<tr>
<td>EUR 300,000-2,999,000</td>
<td>Local Open Tender</td>
<td>Contact ProLog for instructions and standard documents.</td>
</tr>
<tr>
<td>Above EUR 3,000,000</td>
<td>International Open Tender</td>
<td></td>
</tr>
</tbody>
</table>

### IMPORTANT

The Procurement Committee shall take notice of any specific thresholds applied by different donors. If stricter procurement procedures are stipulated by a donor, then they shall prevail.

In case of EuropeAid/EDF funded projects, the following thresholds are applicable. Please refer to annex GEN 1-4-1 for EuropeAid/EDF procurement procedures.

<table>
<thead>
<tr>
<th>Figures in EURO</th>
<th>Supply</th>
<th>Service</th>
<th>Civil works</th>
</tr>
</thead>
<tbody>
<tr>
<td>EDF</td>
<td>EuropeAid</td>
<td>EDF</td>
<td>EuropeAid</td>
</tr>
<tr>
<td>Single quote</td>
<td>Up to 4,999</td>
<td>Up to 9,999</td>
<td>Up to 4,999</td>
</tr>
<tr>
<td>Negotiated procedure</td>
<td>5,000 – 29,999</td>
<td>10,000 – 59,999</td>
<td>5,000 – 199,999</td>
</tr>
<tr>
<td>Local open tender</td>
<td>30,000-149,999</td>
<td>60,000-149,999</td>
<td>NA</td>
</tr>
<tr>
<td>International restricted tender 1)</td>
<td>NA</td>
<td>Above 200,000</td>
<td>NA</td>
</tr>
<tr>
<td>International open tender</td>
<td>Above 150,000</td>
<td>NA</td>
<td>Above 5,000,000</td>
</tr>
</tbody>
</table>

1) the restricted procedure is not described in this manual. If you need to apply the restricted procedure please contact DCA Procurement & Logistic Division who will provide you with all the relevant documents. See section 6. Glossary for definition of a restricted procedure

### 2.6.1 Situations where single quote apply for contracts above EUR 10,000

In the special cases described below contracts above EUR 10,000 can be awarded by using the single quote method - this method is discouraged and where it is necessary to use, it shall be restricted to and reserved for:

(a) Urgent operations - orders can be placed, irrespective of the value of the contracts in question, on the basis of a single quote. In this case, the procurement plan shall present the reasons that
prevented a larger consultation. **IMPORTANT** – If more restrictive procurement procedures are stipulated by a donor for urgent operations, then they shall prevail.

**Urgent humanitarian aid 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.*

(b) Whenever no tenders or no suitable tenders/proposals have been submitted in response to an open, restricted or negotiated 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 in 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. Contracts can be renewed on these grounds for a maximum of two times

(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 principal contract;

(f) For property contracts (renting of property only), after prospecting the local market

(g) Flight tickets, after prospecting the market.

(h) 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.

The decision on using the single quote method is made on the basis of strong and convincing justifications, and where it offers clear advantages over competitive procurement methods. **These justifications shall be recorded in the procurement file.**

**To apply single quote method in the situations listed above does not require prior approval; however the decision must be justified in the up-dated procurement plan and in the procurement file.**
2.7 Supplies - Procurement method & steps

Procurement methods are the rules about “how to buy”. This section describes the rules and methods for procurement of supplies:

**Supplies:** Supply contracts cover the purchase, operational leasing, rental or hire purchase, with or without option to buy, of products. The delivery of products may in addition include siting, installation and maintenance.

<table>
<thead>
<tr>
<th>SUPPLIES</th>
<th>Single quote</th>
<th>Described in section 2.7.1</th>
</tr>
</thead>
<tbody>
<tr>
<td>Up to EUR 9,999 and in exceptional cases</td>
<td><strong>Single quote</strong></td>
<td>Described in section 2.7.1</td>
</tr>
<tr>
<td>EUR 10,000-149,999</td>
<td><strong>Negotiated procedure</strong></td>
<td>Described in section 2.7.2</td>
</tr>
<tr>
<td>EUR 150,000-299,999</td>
<td><strong>Local Open Tender</strong></td>
<td>Described in section 2.7.3</td>
</tr>
<tr>
<td>Above EUR 300,000</td>
<td><strong>International Open Tender</strong></td>
<td>Described in section 2.7.4</td>
</tr>
</tbody>
</table>

N.B.: please refer to section 2.8 for procurement of pharmaceuticals and medical devices.
2.7.1 Single quote (up to EUR 9,999 & in exceptional circumstances)

Single quote for procurement up to EUR 9,999:

- The Procurement Committee can negotiate the terms of a contract with one supplier. However, when applying single quote, the Procurement Committee shall always ensure that the contract price corresponds to the present market price or lower, which for example can be proven by obtaining the three quotations or referring to recent contracts which have been subject to a negotiated procedure or open tender. That the contract price corresponds to the market price shall be justified in the procurement file.

Single quote applied in exceptional circumstances for amounts above EUR 10,000:

In special cases contracts above EUR 10,000 can be awarded by using the single quote method - this method is discouraged and where it is necessary to use, it shall be restricted to and reserved for the situations listed in section 2.6.1.

Take notice: It is required to publish an award notice for contract above EUR 30,000. See section 2.7.2 step 8. for further information on award notice. Be aware of any specific donor requirements for award notice.

SUPPLY Annexes for Single Quote (up to EUR 9,999)

| GEN 1-1 | Declaration of impartiality and confidentiality |
| SUP 3  | Requests for Quotation (RFQ) |
| SUP 14 | Purchase Order |

The steps involved in the single quote method are presented in the table below.

<table>
<thead>
<tr>
<th>Step No.</th>
<th>What has to be done</th>
<th>Who should do it</th>
<th>Description</th>
<th>See supporting annex</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Identify the lots and draft specifications</td>
<td>Procurement Committee</td>
<td>Understand the specifications of the item(s) to be purchased.</td>
<td>SUP 3: RFQ</td>
</tr>
<tr>
<td>2</td>
<td>Approach the supplier(s)</td>
<td>Procurement Officer</td>
<td>The quotations can be obtained by a non-written request or a written RFQ (Request for Quotation)</td>
<td>SUP 3: RFQ</td>
</tr>
<tr>
<td>3</td>
<td>Evaluate offers and issue the purchase order.</td>
<td>Procurement officer approved by Programme Manager</td>
<td>Evaluate quotations and select best offer. The purchase order shall be issued in accordance with annex SUP 14.</td>
<td>SUP 14: Purchase order</td>
</tr>
<tr>
<td>4</td>
<td>Receipt &amp; inspection</td>
<td>Procurement Officer</td>
<td>Inspect that supplies received comply with the Purchase order</td>
<td></td>
</tr>
</tbody>
</table>

Before the process is initiated – make sure that:

- All members of the Procurement Committee shall sign the Declaration of impartiality and confidentiality.

**Step 1: Specifications - Single Quote:**

Identify the lots of items to be purchased from the procurement plan and draft specifications. Understand the specifications of the item(s) to be purchased (see section 2.5). Ensure that all proper import permits are available for the relevant items.

*Note the special requirement for purchase of Pharmaceuticals. Please see section 2.8.*

**Step 2: Quotation – Single Quote:**

Approach the supplier(s) for a quotation. The quotations can either be obtained by a non-written request to the supplier or by a written Request for Quotation (RFQ). The advantage of using a written RFQ is that it prevents misunderstandings and ensures that all the required information is obtained in one go. If a non-written quotation is obtained, the procurement officer shall make a note of the price.
name of supplier, description of goods or picture and note the date. This note shall be filed in the procurement file.

*Take notice of specific donor requirements – such as requirements for country of origin and nationality etc.*

**Step 3: Evaluation and Purchase order – Single Quote:**

After receipt of the supplier’s written offer a purchase order shall be issued by the Procurement Officer and approved by the Programme Manager or authorized person. The purchase order shall be issued in accordance with the sample in annex SUP 14.

Signing the contract creates a legally binding document for both parties.

The purchase order shall be forwarded by fax or e-mail in PDF format or by mail (not signed). The supplier shall return the purchase order by fax or scanned e-mail or mail with all pages duly signed.

Only thereafter shall the purchase order be signed by the Procurement Officer and authorized person.

Before signing the contract and returning the signed copy to the supplier, the Procurement Committee must ensure:

(a) That adequate and exact reference is made in the contract to the relevant RFQ (is applied) or the suppliers quotation.

(b) That the contract acknowledges the General Terms and Conditions of the Contract without exceptions or amendments.

(c) If a new supplier - that sufficient references has been collected and that a suppliers registration form has been submitted by the supplier.

The purchase order shall be forwarded by fax or e-mail (not signed). The supplier shall return the purchase order by fax with all pages duly signed. Only thereafter shall the purchase order be signed by the Procurement Officer or authorized person. Alternatively the supplier can be invited to sign the contract at the Contracting Authorities office.

**IMPORTANT:**

It is the responsibility of the Procurement Committee to ensure “best value for money” and ensure that the purchase price is in accordance with the present market price or lower.

**IMPORTANT:**

The latest version of the General Terms & Conditions must be applied to all purchases. If the supplier cannot accept the General Terms & Conditions, the Procurement Committee shall proceed with another supplier.

**Step 4: Receipt – Single Quote:**

Inspect that supplies received comply with the Purchase order. Proceed as described in section 4.
2.7.2 Negotiated procedure (EUR 10,000-149,999)

**Negotiated procedure:** This method involves collection of at least 3 quotations from different suppliers, for procurement above EUR 60,000 advertisement of an Expression of Interest in the local newspaper is required.

- The negotiated procedure is more formal than the single quote procedure and requires that minimum 3 suppliers are invited simultaneously in writing to submit a quotation. However, the procedure is less formal than an open tender procedure and gives the opportunity to negotiate the terms of the contract.

<table>
<thead>
<tr>
<th>SUPPLY annexes for Negotiated Procedure (EUR 10,000 – 149,999)</th>
</tr>
</thead>
<tbody>
<tr>
<td>GEN 1-1 Declaration of impartiality and confidentiality</td>
</tr>
<tr>
<td>SUP 0 Expression of Interest (EOI)</td>
</tr>
<tr>
<td>SUP 2 Supplier list and tender receipt form</td>
</tr>
<tr>
<td>SUP 3 Requests for Quotation (RFQ)</td>
</tr>
<tr>
<td>SUP 10 Evaluation grid for Negotiated procedure</td>
</tr>
<tr>
<td>SUP 14 Purchase Order</td>
</tr>
<tr>
<td>SUP 13 Letter to unsuccessful suppliers</td>
</tr>
<tr>
<td>GEN 1-5 Contract Award Notice</td>
</tr>
</tbody>
</table>

The steps involved in this method are presented below.

<table>
<thead>
<tr>
<th>Step No.</th>
<th>What has to be done</th>
<th>Who should do it</th>
<th>Description</th>
<th>See supporting annex</th>
</tr>
</thead>
<tbody>
<tr>
<td>0</td>
<td>Identify lots and draft specifications</td>
<td>Procurement Committee.</td>
<td>Understand the specifications of the item(s) to be purchased.</td>
<td>SUP 3: RFQ</td>
</tr>
<tr>
<td>1</td>
<td>Make an Expression of Interest</td>
<td>Procurement Officer</td>
<td>An Expression of Interest shall be published in the local newspaper. It is optional for procurement up to EUR 59,999 and required above EUR 60,000.</td>
<td>SUP-0: EOI supply Or SUP-0-1: EOI for medical devices</td>
</tr>
<tr>
<td>2</td>
<td>Make a short list of minimum 4-8 suppliers</td>
<td>Procurement Officer approved by Programme Manager</td>
<td>Use the Supplier Database in ADMIND and source new suppliers, if necessary.</td>
<td>SUP 2: Supplier list</td>
</tr>
<tr>
<td>3</td>
<td>Submit the Request for Quotation</td>
<td>Procurement Officer</td>
<td>Prepare the Request for Quotation and submit it simultaneously to all selected suppliers.</td>
<td>SUP 3: RFQ</td>
</tr>
<tr>
<td>4</td>
<td>Evaluate quotations</td>
<td>Procurement Committee</td>
<td>Draft information from the quotations on an evaluation grid.</td>
<td>SUP 10: Evaluation grid</td>
</tr>
<tr>
<td>5</td>
<td>Negotiate (optional)</td>
<td>Procurement Committee</td>
<td>There is an option to negotiate some terms. Rules are described further in this chapter.</td>
<td></td>
</tr>
<tr>
<td>6</td>
<td>Purchase order</td>
<td>Procurement Officer approved by Programme Manager</td>
<td>The purchase order shall be issued in accordance with the sample presented herein.</td>
<td>SUP 14: Purchase Order</td>
</tr>
<tr>
<td>7</td>
<td>Notification Letter</td>
<td>Procurement Officer</td>
<td>Unsuccessful suppliers shall be notified of the result of the procedure.</td>
<td>SUP 13: Notification letter</td>
</tr>
<tr>
<td>8</td>
<td>Award notice</td>
<td>Procurement Officer</td>
<td>To be published at the DCA website. (optional for contracts below EUR 30,000)</td>
<td>GEN 1-5: Award notice</td>
</tr>
<tr>
<td>9</td>
<td>Receipt</td>
<td>Procurement Officer</td>
<td>Inspect that the supplies have been received.</td>
<td></td>
</tr>
</tbody>
</table>

Time schedule for Negotiated procedure: see guidance in annex GEN 2-3.

**Before the process is initiated – make sure that:**
SUPPLIES – Procurement method and steps

a) A work plan is prepared – see sample in Annex GEN 2-5-1. A work plan is a good tool when preparing the RFP and can be used as a check list.

b) All members of the Procurement Committee shall sign the Declaration of impartiality and confidentiality.

Step 0: Specifications - Negotiated procedure
Identify the lots of items to be purchased from the procurement plan. Understand and draft the specifications of the item(s) to be purchased (see section 2.5). Ensure that all proper import permits are available for the relevant items.

Note special requirement for the purchase of Pharmaceuticals. Please see section 2.8.

Step 1: Expression of Interest (EOI) - Negotiated procedure
An Expression of Interest (EOI) shall be posted in the local newspaper (or other media(s)) as early as possible, latest two weeks before the RFQ is submitted, allowing potential suppliers sufficient time to submit their Letter of interest to become short listed for the specific procurement opportunity.

It is optional to advertise the Expression of Interest (EOI) for procurement up to EUR 59,999 but mandatory for procurement above EUR 60,000.

Advertisement will help the Procurement Officer to source new local suppliers and it will generate competition as well as promote transparency and accountability.

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

Where newspapers are not the best media or not available, an EOI can also be posted on the internet, in the radio, on a notice board in front of the local office, at the local market or in other public places.

Apply the standard annex SUP-0: EOI. For procurement of medical devices apply annex SUP 0-1: EOI medical devices.

Step 2: Short list - Negotiated procedure
Prepare a short list of suppliers with a minimum of 3 suppliers. It is recommended to include 4-6 suppliers to ensure that a minimum of 3 quotations are obtained. The short list shall be prepared by the Procurement Officer and approved by the Programme Manager.

As an option the DCA Supplier Database in ADMIND can be used to identify suppliers - and it is recommended that the Procurement Committee also source new suppliers. See section 2.14.3 how to source suppliers.

Step 3: RFQ - Negotiated procedure
The Request for Quotation shall be forwarded simultaneously (same day) to all the selected suppliers. This is to ensure that all suppliers are given equally long time to prepare and submit their offer.

When preparing the Request for Quotation, decide on

- delivery terms
- specific technical requirements for the product (consult with a Technical Advisor)
- if installation and/or maintenance and/or after sales service and/or spare parts are required
- deadline for receipt of quotations (allow minimum 8 days, depending on complexity of the requirement)
- Evaluation criteria
- If a tender guarantee and performance guarantee shall be required – it is recommended for contracts above EUR 60,000. Read section 3.1.3 for more information on guarantees.
Take notice of specific donor requirements – such as requirements for country of origin etc.

**Recommendation:**
To ensure that sufficient offers will be received on time, it is recommended to contact all suppliers 1-2 days after the RFQ has been submitted and ask the suppliers if they intend to submit the offer before the deadline. Particularly when a short deadline is required, it is a good idea to follow up with the suppliers and explain to new suppliers about the importance of completing the submission form and submitting the offer prior to the deadline.

**Step 4: Evaluation - Negotiated procedure**

Register the time when the offers were received and fill in the evaluation grid.

Please take note that suppliers who have not submitted their offer before the deadline shall not be considered.

**Case scenario:**
In case all suppliers have offered a too high price and/or you need to change/adjust the specifications, you do not need to issue a new RFQ; you can merely contact the supplier in writing with your amendments and request a revised quotation stating the new deadline (a few days depending on the amendments you have made).

**Case scenario:**
If less than 3 quotations are received and the other suppliers have declined to submit a quotation, you can proceed with the best offer. Provided that the general principles are met.

- e.g. you must ensure that you have given all suppliers sufficient time to submit a quotation, that all suppliers have acknowledge receipt of the RFQ and that you have invited all suppliers who have submitted an EOI.

- If you are unable to find minimum 3 qualified suppliers in your market it is important to survey broader e.g. markets in neighbouring districts and countries. (See section 2.4.2 How to source suppliers.)

- Lack of suppliers in the local market is not sufficient grounds for proceeding with less than 3 quotations. A market survey would reveal this fact during the planning stage and derogations from negotiated procedure to single quote should be requested.

**Step 5: Negotiate terms (OPTIONAL) - Negotiated procedure**

If found necessary, the Procurement Committee has the option to negotiate the terms of the contract.

Negotiations will not entail any substantial deviation to the terms and conditions of the Request for Quotation, but shall have the purpose of obtaining from the candidates better conditions in terms of delivery date, 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, when all quotations exceed the limits of the funds made available to the Contracting Authority by its donor/funding agency.

The negotiations can be done by phone, e-mail or fax or at a meeting (in the latter case, a written recap shall be filed and copied to the supplier). There are no specific procedures on negotiations except that the General Principles of procurement shall always be respected, i.e. all candidates shall be provided equal opportunity and the negotiations shall be documented and filed.

If negotiations are done by phone, then the Procurement Committee shall recap the negotiations and submit it to the supplier “with reference to our phone conversation – we can recap our conversation as follows: ……”
**Step 6: Purchase order - Negotiated procedure**

The contract shall be awarded to the lowest compliant supplier, i.e. the supplier who is substantially responsive to the RFQ and technically compliant, and who has offered the lowest 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 Officer and approved by the Programme Manager (or authorized person). The purchase order shall be issued in accordance with the sample in annex SUP 14.

Signing the contract creates a legally binding document for both parties.

The purchase order shall be forwarded by fax, or e-mail in PDF format or by mail **(not signed)**. The supplier shall return the purchase order by fax or scanned e-mail or mail with all pages duly signed. Only thereafter shall the purchase order be signed by the Procurement Officer and authorized person.

Before signing the contract and returning the signed copy to the supplier, the Procurement Committee must ensure:

- That adequate and exact reference is made in the contract to the relevant RFQ.
- That the contract acknowledges the General Terms and Conditions of the Contract without exceptions or amendments.
- If a new supplier, that sufficient references has been collected and that a suppliers registration form has been submitted by the supplier.

**Step 7: Letter to all unsuccessful suppliers- Negotiated procedure**

Once the supplier has returned the purchase order duly signed, the Procurement Officer shall submit a Notification Letter to all unsuccessful suppliers informing them of the result of the procedure, i.e. name of successful supplier and the total contract amount.

**Step 8: Award Notice - Negotiated procedure**

An award notice can be published on the DCA website. This is optional for contracts up to EUR 30,000 and obligatory for contracts above EUR 30,000. However be aware of any specific donor requirements.

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

For Award notice – please forward the award details to DCA Head Office, Procurement & Logistic Division and request them to upload the award notice. The information you should send is: a) Description of product, b) contract value and currency, c) source of funding, d) date of contract, e) contract no. and f) beneficiary country, g) name of supplier.

**Donor requirements:**

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

**Step 9: Receipt - Negotiated procedure**

Upon receipt of goods the Procurement Officer shall inspect that supplies received comply with the purchase order. Proceed as described in section 4.
2.7.3 Local open tender (EUR 150,000 – 299,999)

**Local open tender:** This method is more elaborate than the negotiated procedure. It is applicable to higher value purchases and requires more experience.

- This method requires advertisement of supplies and/or services and/or civil works needed, giving some time to all prospective tenderers to quote their prices in sealed envelopes and submit their tenders, opening of the tenders in the presence of all tenderers, comparing the services offered and costs, selection of a successful tenderer and award or signing of a formal contract.

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

A local open tender procedure must provide other eligible suppliers with the same opportunities as local firms.

<table>
<thead>
<tr>
<th>Supply annexes for Local Open Tender (EUR 150,000 – 299,999)</th>
</tr>
</thead>
<tbody>
<tr>
<td>GEN 1-1 Declaration of impartiality and confidentiality</td>
</tr>
<tr>
<td>SUP 1 Procurement Notice</td>
</tr>
<tr>
<td>SUP 2 Supplier list and tender receipt form</td>
</tr>
<tr>
<td>SUP 4 Tender dossier</td>
</tr>
<tr>
<td>SUP 5 Questions and Answers</td>
</tr>
<tr>
<td>SUP 6 Tender opening check list</td>
</tr>
<tr>
<td>SUP 7 List of participants</td>
</tr>
<tr>
<td>SUP 8 Tender opening form</td>
</tr>
<tr>
<td>SUP 9 Evaluation Grid for Local Open</td>
</tr>
<tr>
<td>SUP 11 Evaluation report</td>
</tr>
<tr>
<td>SUP 12 Letter of acceptance</td>
</tr>
<tr>
<td>SUP 13 Letter to unsuccessful suppliers</td>
</tr>
<tr>
<td>GEN 1-5 Contract Award Notice</td>
</tr>
</tbody>
</table>

The steps involved in this method are presented below.

<table>
<thead>
<tr>
<th>Step No.</th>
<th>What has to be done</th>
<th>Who should do it</th>
<th>Description</th>
<th>See supporting annex</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Identify lots and draft specifications</td>
<td>Procurement Committee.</td>
<td>Understand the specifications of the item(s) to be purchased.</td>
<td>SUP 4: Tender dossier</td>
</tr>
<tr>
<td>2</td>
<td>Issue tender dossier</td>
<td>Procurement Officer and approved by Procurement Committee</td>
<td>Issue the tender dossier with special attention to the technical specifications, special requirements, time schedule and award criteria.</td>
<td>SUP 4: Tender dossier</td>
</tr>
<tr>
<td>3</td>
<td>Tender Notice</td>
<td>Procurement Officer</td>
<td>Advertise the tender notice locally and on DCA website. The deadline should not be less than 21 days from the date of the advertisement. However, depending on the nature of supplies/services the deadline may be longer. The Tender dossier shall be available on the date of the advertisement.</td>
<td>SUP 1: Procurement notice</td>
</tr>
<tr>
<td>4</td>
<td>Send out the Tender dossier</td>
<td>Procurement Officer</td>
<td>A record of when (date) the document was submitted and to whom shall be made. Each supplier shall be identified with a number. Clarifications/amendments to tender dossiers - all potential tenderers shall receive a copy of questions and answers</td>
<td>SUP 2: Supplier list</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td>SUP 5: Question and answers</td>
</tr>
</tbody>
</table>
Local Open Tender

<table>
<thead>
<tr>
<th>Step No.</th>
<th>What has to be done</th>
<th>Who should do it</th>
<th>Description</th>
<th>See supporting annex</th>
</tr>
</thead>
<tbody>
<tr>
<td>5</td>
<td>Receiving tenders</td>
<td>Procurement</td>
<td>For each tender received, the date and time of receipt must be registered. All received tenders must be kept unopened in a secure place until the tender opening.</td>
<td>SUP 2: Tender receipt format</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Committee</td>
<td></td>
<td></td>
</tr>
<tr>
<td>6</td>
<td>Tender opening</td>
<td>Procurement</td>
<td>Tenders should be opened at the announced time, place and date in the presence of tenderers who choose to attend. Names of tenderers and prices are read aloud.</td>
<td>SUP 8: Tender opening format</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Committee</td>
<td></td>
<td>SUP-7 list of participants</td>
</tr>
<tr>
<td>7</td>
<td>Administrative</td>
<td>Procurement</td>
<td>Post-qualification of suppliers shall be performed after the tender opening (tenderers shall not be present).</td>
<td>SUP 9: Evaluation Grid</td>
</tr>
<tr>
<td></td>
<td>compliance</td>
<td>Committee</td>
<td></td>
<td></td>
</tr>
<tr>
<td>8</td>
<td>Evaluation grid</td>
<td>Procurement/Evaluation</td>
<td>Tender which has passed the post-qualification will be subject to evaluation by each member of the Procurement Committee. (Tenderers shall not be present.)</td>
<td>SUP 9: Evaluation Grid</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Committee</td>
<td></td>
<td></td>
</tr>
<tr>
<td>9</td>
<td>Evaluation Committee meeting and selection of supplier</td>
<td>Procurement Officer</td>
<td>Discuss the evaluation and select a tenderer. Draft a small report of the evaluation identifying clearly on which evaluation criteria the winning tenderer was superior and why.</td>
<td>SUP 11: Evaluation report</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>10</td>
<td>Letter of acceptance and contract</td>
<td>Procurement Officer and approved by Procurement Committee</td>
<td>Prepare the contract and submit the letter of acceptance with the contract. Apply the contract draft in the tender dossier. Invite the tenderer to sign the contract.</td>
<td>SUP 12: Letter of acceptance</td>
</tr>
<tr>
<td></td>
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<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>11</td>
<td>Notification Letter</td>
<td>Procurement Officer</td>
<td>Unsuccessful tenderers shall be notified of the result of the tender after the contract has been signed by the successful tenderer.</td>
<td>SUP 13: Letter to unsuccessful tenderers</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>12</td>
<td>Contract award notice</td>
<td>Procurement Officer</td>
<td>Publish the contract award on the DCA website. (Be aware of any donor requirements.)</td>
<td>GEN 1-5: Award notice</td>
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<tr>
<td>13</td>
<td>Supplies receipt note</td>
<td>Procurement Officer</td>
<td>Inspect that supplies are received</td>
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</tbody>
</table>

Time schedule for Local Open Tender: See guidance in annex GEN 2-3.

Before the process is initiated – make sure that:

c) A work plan is prepared – see sample in Annex GEN 2-5. A work plan is a good tool when preparing the tender dossier and can be used as a check list.

d) All members of the Procurement and Evaluation Committee shall sign the Declaration of impartiality and confidentiality. The Evaluation Committee must be an odd number and possess the necessary technical and administrative expertise to perform tender evaluation see section 2.2.2. for further information.

Step 1: Specifications - Local Open Tender:

Identify the lots of items to be purchased from the procurement plan. Ensure that all proper import permits are available for the relevant items. Understand and draft the specifications of the item(s) to be purchased. For drafting specifications please refer to section 2.5.

Note special requirement for the purchase of Pharmaceuticals. Please see section 2.8.

Step 2: Tender dossier - Local Open Tender

Draft the tender dossier with the following considerations:
Specifications:
The biggest challenge when drafting a tender dossier is to give the correct technical requirements which will ensure that the correct items are being offered and supplied. When drafting a tender dossier, the technical specifications are by far the most time consuming and the most important. Please refer to section 2.5 when drafting the technical requirements.

Award Criteria:
The award criteria for supply contract shall be awarded to the lowest compliant tender, i.e. the supplier who is substantially responsive to the tender dossier and technically compliant, and who has offered the lowest price, provided further that the tenderer has demonstrated the capability and resources to carry out the contract effectively.

Timeframe:
When are the goods required at final site?

Transport & storage:
Will the project staff themselves arrange for transport from delivery point to final site and 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 plan as a working tool, see annex GEN 2-4.

Donor Requirements:
Take notice of specific donor requirements – such as requirements for country of origin, procurement method etc.

Payment terms:
What payment terms should be applied?

Inspection:
Will a pre-shipment 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 the section 3 on legal aspects.

To avoid any unnecessary delays or waste of funds – it is important that the tender dossier is drafted carefully with consideration to the entire project cycle.

Step 3: Procurement Notice – Local Open Tender
The Procurement Officer shall draft a Procurement notice (see sample in annex SUP 1).

The advertisement shall in brief describe:

1. The resources (supplies, services, works) to be procured (set out the essential technical specifications)
2. The rules governing the lodging/submission and presentation of tenders
3. The exclusion, selection and award criteria
4. Where and when the tender dossier can be obtained.

Deadline for submission of tenders should not be less than 21 days from the date of the advertisement. However, the deadline may be longer depending on the nature of supplies. The tender dossier shall be available on the date of the advertisement.

The procurement notice shall be advertised in the country of operation by any relevant means available (local newspaper and/or radio and/or notice board at a public place and/or on-line procurement media such as www.procnews.com in East Africa and www.businessinafrica.net).
In addition, the procurement notice shall be published at the same time on the DCA website.

(Contact procurement@dca.dk)

A local open tender is not only open to local suppliers but also to eligible suppliers from other countries, and the Procurement Committee is encouraged to submit the procurement notice directly to a list of suppliers who could be interested to participate.

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

**Step 4: Submission of tender dossier - Local Open Tender**

The Procurement Officer shall submit the tender dossier to the suppliers who have requested it. The tender dossier shall be submitted within a few days after the supplier has requested it.

A record of when (date) the document was submitted and to whom shall be made. Each supplier shall be identified with 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. Annex SUP 5 Questions & 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 this Invitation to tender must be requested in writing.

Tenderers are not allowed to approach the Contracting Authority for oral clarification.

Any clarification of the tender dossier given by the Contracting Authority will be submitted to all tenderers at the latest on the date specified in the tender dossier. If the Contracting Authority provides additional information on the tender dossier, such information will be sent in writing to all other prospective tenderers at the same time.

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 may be excluded from the tender procedure.

**Step 5: Receiving tenders - Local Open Tender**

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

All tenders received after 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 6: Tender opening - Local Open Tender**

Tenders should 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.

The tenderers who participate shall be registered – use the format in annex SUP 7, list of participants.

**Step 7: Administrative Compliance - Local Open Tender**

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.
On some occasions the Procurement Committee may have received more than 20 tenders. As a first step in the evaluation, all tenders shall be checked to see if they comply with the demands set in the tender dossier.

Each tender should be checked for administrative compliance – based on the requirements set out in the tender e.g.

- was the tender received before the deadline
- is the required number of copies supplied
- are the requested documents submitted and properly signed (check for documents such as Tender guarantee, tender submission form – the required documents are listed under “instructions to tenders”)

The documents should not be read/evaluated. It should just be checked that the documents are available and properly signed. See annex SUP 9: Evaluation Grid, part A.

At this stage, offers which do not comply shall be rejected. The reason for rejection shall be written in the administrative compliance report.

**Step 8: Evaluation - Local Open Tender**

After the post-qualification (part A of the Evaluation) each member of the Procurement Committee will receive a copy of the remaining tenders for evaluation and analysis. This should be done in private and tenderers shall not be present. Each member shall issue an evaluation grid (Part B and C), which shall be compared at the evaluation meeting. See annex SUP 9: Evaluation Grid.

Please note that during the evaluation it might be necessary to obtain clarification from a tenderer. Depending on the type of clarification the tenderer should be allowed 48 hours to respond. Always remember to put a deadline for receipt of the clarification. The communication with the tenderer shall be in writing. This to be agreed by the Evaluation Committee after each evaluator has completed his/her evaluation and be submitted by the procurement advisor.

**Case scenario 1: Amend technical specification**

If you discover that you need to amend your technical specifications, either reduce or increase the minimum requirements, and the specification that you need to amend was mentioned in the procurement notice, then you will have to cancel the tender process and make a new procurement notice with the new specifications; the deadline can be reduced to e.g. 15 days (depending on the complexity).

It would be easier to just contact all tenderers, but in this case it might be that other supplier can now tender because of the revised specifications. The principle of “equal opportunity” must be considered in this case.

**Case scenario 2: All the financial offers exceed the budget**

If all financial offers exceed the budget substantially, then the cause for this would either be change of the market price, minimum technical requirements too high etc. You will need to investigate the reason for the high offers. If you have to change the specifications as per the above scenario or other terms which were on the procurement notice, then you will have to cancel the tender process and make a new procurement notice as described in the scenario above.

**Case scenario 3: No tender received or no suitable tenders received**

Whenever no tenders or no suitable tenders have been submitted, you can proceed with a single quote with a supplier of your choice as long as you do not make substantial changes to the contract terms of the tender dossier.

If you have to make substantial changes to the contract terms of the tender dossier, then you will need to advertise a new procurement notice and make a new tender process. This is with consideration that other supplier might submit a tender based on the new terms. The principle of “equal opportunity” must be considered in this case.
Step 9: Evaluation meeting - Local Open Tender

After each member has completed the evaluation, an Evaluation Committee meeting shall be held. Discuss the evaluation and select a tenderer. Draft a small report of the evaluation identifying clearly on which evaluation criteria the winning tenderer was superior and why (the report shall of course reflect the criteria in the tender dossier). The report shall be signed by all members of the Procurement Committee. (Tenderers shall not be present at this meeting).

See annex SUP 11: Evaluation report

Step 10: Letter of acceptance - Local Open Tender

Prepare the contract in accordance with the draft in the tender dossier and forward a Letter of Acceptance to the selected tenderer.

Before submitting and signing the purchase contract, the Procurement Committee must ensure

- That the contract draft is prepared carefully and that all annexes are attached
- That the signer for the supplier is indeed authorized to sign (documented through transcript from the Registrar of Companies or similar documentation).

The Procurement Committee can either invite the selected supplier to sign the contract at the office of the Contracting Authority or require him to return the signed contract (with the Performance guarantee, if required) by mail.

Signing the purchase contract creates a legally binding document for both parties.

Step 11: Notification Letter to the unsuccessful Tenderers - Local Open Tender

After the purchase order has been signed, the Procurement Officer shall submit a notification letter to the unsuccessful tenderers notifying them of the result of the tender.


Step 12: Award notice - Local Open Tender

An award notice shall be published on the DCA website.

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

For Award notice – please forward the award details to DCA Head Office, Procurement & Logistic Division and request them to upload the award notice. The information you should send is: a) Description of product, b) contract value and currency, c) source of funding, d) date of contract, e) contract no. and f) beneficiary country.

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

Step 13: Receipt - Local Open Tender

Inspect that supplies received comply with the offer received. Proceed as described in section 4.
2.7.4 International open tender (above EUR 300,000)

International open tender: The procedure is identical to the Local Open Tender – except for the rule of advertisement.

(a) The procedures for International Open Tenders are the same as for Local Open Tenders except for advertisement and the time frame. International Open Tenders shall be advertised internationally. Tender procedures are open whenever all interested economic operators may submit a tender after publication of a tender notice.

Supply annexes for International Open Tender (value above EUR 300,000)

| GEN 1-1 | Declaration of impartiality and confidentiality |
| SUP 1   | Procurement Notice |
| SUP 2   | Supplier list and tender receipt form |
| SUP 4   | Tender dossier |
| SUP 5   | Questions and Answers |
| SUP 6   | Tender opening check list |
| SUP 7   | List of participants |
| SUP 8   | Tender opening form |
| SUP 9   | Evaluation grid |
| SUP 11  | Evaluation report |
| SUP 12  | Letter of acceptance |
| SUP 13  | Letter to unsuccessful suppliers |
| GEN 1-5 | Contract Award Notice |

The steps involved in this method are presented below.

<table>
<thead>
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<th>International Open tender</th>
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<td><strong>Step No.</strong></td>
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<td>3</td>
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<td>4-13</td>
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Time schedule for International Open Tender: See guidance in annex GEN 2-3.

**Before the process is initiated – make sure that:**

a) A work plan is prepared – see sample in Annex GEN 2-5. A work plan is a good tool when preparing the tender dossier and can be used as a check list.

b) All members of the Procurement and Evaluation Committee shall sign the Declaration of impartiality and confidentiality. The Evaluation Committee must be an odd number and possess the necessary technical and administrative expertise to perform tender evaluation see section 2.2.2. for further information.

**Step 1 – 2: International Open Tender**

Proceed as described in the Local Open Tender.
**Step 3: Procurement Notice - International Open Tender**

When the present rules prescribe international publication, DCA/Partners shall advertise the procurement notice in:

(a) the country of operation, by any relevant means available
(b) in any relevant regional and international newspapers (see suggestions below)
(c) in any specialized media required by donors
(d) on DCA web-site

If the project is funded by the World Bank or UN then the notice can be published on [www.devbusiness.com](http://www.devbusiness.com) and DCA website. If it is funded by other donors the notice can be published on [www.dgmarket.com](http://www.dgmarket.com) and on DCA website. When feasible, advertising in technical magazines and trade publications shall be envisaged. It is also recommended to advertise the procurement notice on TED (Tenders Electronic daily) [http://ted.publications.eu.int/official/](http://ted.publications.eu.int/official/), [www.IAPSO.org](http://www.IAPSO.org). (Contact Procurement & Logistic Division for others).

Tender procedures are open whenever all interested economic operators may submit a tender after publication of a tender notice. The Procurement Notice (Annex SUP 1) shall specify at least the rules governing the lodging/submission and presentation of tenders, the exclusion, selection and award criteria and set out the technical specifications.

Depending on the nature of supplies/services/works the deadline should not be less than **30 days** from the date of the advertisement. The tender dossier shall be available from the date of the advertisement.

The Procurement Committee is also encouraged to submit the procurement notice directly to a list of suppliers who could be interested in participating.

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

**Step 4-13: International Open Tender**

Proceed as described in the Local Open Tender section 2-7-3.
2.8 Pharmaceuticals and Medical Devices - Procurement method

When purchasing medicine and medical devices, DCA and implementing partners shall abide by international norms for procurement of medicine and medical devices and respect patents and national drug regulations in the individual countries.

Purchase of substandard products from unknown or dubious suppliers represents a health hazard as well as waste of funds.

The principle objective when procuring pharmaceuticals and medical devices is to ensure the quality of the product.

2.8.1 Procurement of medicine

2.8.1.1 Procurement methods applicable for procurement of medicine:

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 pre-qualified candidates of their choice.

The number of candidates invited shall be sufficient to ensure genuine competition. The market situation of each product, the nature of the medicine, and the critical dates for delivery may determine the numbers of candidates approached. Choices are restricted by the characteristics of medicines 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.

Pre-qualification of candidates:

The purchase of medicine shall be based on a pre-qualification scheme implemented either by the World Health Organisation, (WHO); or a Stringent Regulatory authority; or a UN organisation; or a Non-Governmental Organisation, a Humanitarian Procurement Centre or a specialized commercial operator which meet WHO recommended norms and standards for carrying out pre-qualification 1.

Pre-qualification procedures should 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 2 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 the shortcomings;
- adequate handling of complaints and recalls; and
- ongoing monitoring and re-qualification.

DCA Procurement & Logistic Division does not have the capacity to carry out a pre-qualification process which meets WHO recommended norms and standards for carrying out pre-qualification. DCA or implementing partners shall only short list manufacturer's who have already been pre-qualified by an

organization which meet the WHO recommended norms and standards for carrying out the pre-qualification. To ensure correctness of certification, the pre-qualification shall always be verified by the organization itself. For implementing partners who do not have the expertise and experience with procurement of medicine, DCA strongly recommends that a specialized procurement agency (HPC) is appointed to carry out the procurement on behalf of the partner.

**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 select criteria shall give priority to Contractors that comply at least with one of the following certifications or equivalent: EN46001/ EN46002, ISO13485/ ISO13488, Japan QS Standard for medical devices 1128, United States QS (21 CFR part 820), ISO9001/ISO9002, ISO9001/2000.

**The International Drug Prices Indicator:**
DCA or implementing partner shall consult the International Drug Prices Indicator\(^3\). When comparing the costs of pharmaceutical products, the cost of the whole treatment - not just the cost per unit- should 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 should be considered.

2.8.1.2 **Procurement planning considerations for medicine:**

**Technical procurement capacity and expertise:**

Does DCA or the implementing partner have the technical capacity and expertise in procurement of medicine? If not, the order (single quote) shall be placed with an international, specialized procurement agency approved by DCA, such as UNICEF. Contact procurement@dca.dk for instructions on how to place an order with a procurement agency/centre and for information on DCA approved procurement centres.

**Specific donor requirements:**

Check if the donor has any specific requirements for the procurement of medicine which supersede the procedures described in this manual.

**Importing or buying locally:**

Are the products available locally or will they be imported? Are there any local rules and restrictions on import and distribution of medicine?

In some countries only local agents can import medicine from foreign companies. In other countries this is only an 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 prices in the end being higher when dealing through a local agent.

\(^3\) 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

**Transportation and storage:**

Consider specific transport requirements and storage requirements (temperature/humidity/shelf-life); e.g. vaccines are heat sensitive. Cold-room capacity must be available at the time the vaccines are delivered.
2.8.1.3 **Procurement of vaccines and sera**
The purchase of vaccines and sera is complex and requires specialized knowledge. There are many companies producing vaccines, but only a few meet internationally recognized standards of safety and efficacy.

As DCA does not have the technical capacity or expertise for procurement of vaccines and sera at this stage, the Procurement Committee shall place the inquiry for vaccines with international, specialized agencies approved by DCA that have procurement procedures for vaccine, such as UNICEF. This should be reflected in the procurement plan submitted to the donor. Please contact DCA Procurement & Logistic Division for further advice procurement@dca.dk.

For further information on guidelines for international procurement of vaccines and sera, see the following link [http://www.who.int/vaccines-documents/DocsPDF/www9846.pdf](http://www.who.int/vaccines-documents/DocsPDF/www9846.pdf).

2.8.1.4 **Procurement of HIV and tuberculosis and malaria pharmaceuticals**
When procuring pharmaceuticals for HIV/AIDS, malaria and tuberculosis – only manufacturers who are pre-qualified by WHO shall be invited to submit an offer. The list of suppliers can be found on the following link: [http://mednet3.who.int/prequal/](http://mednet3.who.int/prequal/).

Select the pre-qualified suppliers from the WHO list [http://mednet3.who.int/prequal/](http://mednet3.who.int/prequal/). Issue an RFQ, invite suppliers from the list and invite 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.

*Key Facts about the WHO Prequalification Project*

The Prequalification project, set up in 2001, is a service provided by the World Health Organization (WHO) to facilitate access to pharmaceuticals that meet unified standards of quality, safety and efficacy for HIV/AIDS, malaria and tuberculosis.

From the outset, the project was supported by UNAIDS, UNICEF, UNFPA and the World Bank as a concrete contribution to the United Nations’ priority goal of addressing widespread diseases in countries with limited access to quality pharmaceuticals.

**List of pharmaceuticals**
All product and manufacturing site requirements, standards used in evaluating the product and the profile of the inspection teams are outlined on the following website: [http://mednet3.who.int/prequal/](http://mednet3.who.int/prequal/). The site also includes the list of prequalified pharmaceuticals and their manufacturers.

2.8.2 **Procurement of medical devices**

2.8.2.1 **Definition 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 metabolized 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.

*Source: WHO web-site*
2.8.2.2 Procurement methods applicable to procurement of medical devices

Irrespectively of the value of the contract to be awarded, the Contracting Authority shall launch a negotiated procedure by inviting simultaneously and in writing only pre-qualified candidates of their choice.

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.

Pre-qualification of candidates for supply of medical devices

To pre-qualify candidates for negotiated procedure the Procurement committee can advertise an Expression of Interest (EOI) for medical devices (see annex SUP 0-1: EOI for medical devices).

To become pre-qualified, the candidates shall provide evidence that the medical devices supplied by them:

- meet essential requirements as described by the Global Harmonization Task Force (GHTF)\(^5\);
- be produced in conformity with ISO\(^6\) standards and/or other equivalent standards as recognised by the GHTF;
- be marketing their products according to at least one of the regulatory authorities: MPALS License (Australia), Device License (Canada), CE Mark (EU), Device License (Japan), and 510 k Device Letter (USA).
- If not manufactured by the candidate, a Manufacturer’s authorization shall be accompanied with the EOI.

The procurement committee shall verify the certificates received by the candidate: 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.

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\(^6\) ISO 13485:2003 specifies requirements for a quality management system where an organisation needs to demonstrate its ability to provide medical devices and related services that consistently meet customer requirements and regulatory requirements applicable to medical devices and related services.

The primary objective of ISO 13485:2003 is to facilitate harmonized medical device regulatory requirements for quality management systems. As a result, it includes some particular requirements for medical devices and excludes some of the requirements of ISO 9001 that are not appropriate as regulatory requirements. Because of these exclusions, organizations whose quality management systems conform to this International Standard cannot claim conformity to ISO 9001 unless their quality management systems conform to all the requirements of ISO 9001.

All requirements of ISO 13485:2003 are specific to organisations providing medical devices, regardless of the type or size of the organisation.

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\(^7\) What does “Conformity to ISO 9001:2000” mean?\(^7\)

This means that your supplier has established a systematic approach to quality management, and is managing its business to ensure that your needs are clearly understood, agreed and fulfilled. A statement of conformity to ISO 9001:2000 should not, however, be considered a substitute for a declaration or statement of product conformity.

ISO 9000 does not guarantee the quality of end products and services; rather, it certifies that consistent business processes are being applied.

ISO 9001:2000:2000 should not, however, be considered a substitute for a declaration or statement of product conformity.
2.8.3 Procurement of veterinary medicine

2.8.3.1 Procurement methods applicable for procurement of veterinary medicine

The applicable procurement method shall be established in accordance with the rules and procedures described in section 2.7 of this manual.

Subject to the national drug regulations the procurement committee shall strive that the product(s) offered comply with the international standards for veterinary medicine.

THE MANUFACTURER SHOULD 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 should be required, to ensure the quality:

a) ISO 9001:2000 – Quality management systems or equivalent
b) Marketing authorization from the national DRA in the country of origin for the products offered
c) GMP Certificate (Good Manufacturing Practice)

If procuring through a local agent or wholesaler, the following additional certificates shall be obtained

a) copy of import licence for the product offered
b) certificate of origin for the product offered
c) marketing authorization 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 authorizations from the local authorities to supply this product and ask for evidence. Always check with the local authorities that the authorization 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.
2.9 Food aid procurement rules and procedures

2.9.1 Sourcing of food aid in the country of operation or neighbouring countries.
DCA or implementing partners shall give priority to purchase in the country of operation or neighbouring countries, whenever it is possible and advisable having due regard to the context in which the Action is implemented and not significantly disturbing the local markets.

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

2.9.2 Quality and domestic legislation
The characteristics of the products and their packaging MUST 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.

2.9.3 Fresh food – dividing lots
By derogating to section 2.2.3, when the object of the contract is the supply of fresh food and the contract is divided into several lots taking into account the seasonal availability of products, each one of the lots will be considered individually, and not aggregated, in order to establish the applicable threshold.

2.9.4 Procurement notice
The procurement notice shall specify, when required, the contractual Incoterms delivery conditions applied to the supply contract and identify the applicable Incoterm edition. When the Incoterms specified in the Procurement Notice obliges the supplier to take out a transport insurance policy, this insurance shall be for at least the awarded tender amount and shall cover all risk associated with carriage.

2.9.5 Procurement of food above EUR 300,000
When awarding contracts of a value of more than EUR 300,000, DCA or implementing partner shall contract, except in case of urgent operations, a Monitoring Agency responsible for verifying and certifying the quantity, quality, packing and marking of supplies. DCA or implementing partner shall include in the tender and contractual documents the necessary provisions as to assure the right of access and monitoring of the Monitoring Agency.

2.9.6 Tolerance for weight and/or quantities
Contracts concluded by DCA or implementing partners shall include provisions on the accepted tolerance for weight and/or quantities delivered and identify the procedure for establishing reductions of price for quality deviations and deliveries beyond the contracted delivery date or period.

2.9.7 Monetisation
DCA will not procure food with the proceeds of monetisation programs, nor will DCA itself engage in the selling of foodstuffs as part of a monetisation program in order to finance the purchase of foodstuffs or other goods.
2.10 **Framework contracts for supplies**
Framework Contracts may be concluded with one or several Contractors.

**Framework contract with several contractors:**
A Framework Contract with several Contractors may take the form of contracts which are separate but concluded in identical terms.

**Applicable procurement method:**
The procurement procedure to be followed is established by the total threshold of the framework contract.

For the purposes of calculating the estimated amount of a Framework Contract, the value to be taken into account shall be the maximum value of all the contracts envisaged during the total lifetime of the Framework Contract.

Example: if you have a 5 year framework contract for demining tools and you have estimated a contract value of EUR 50,000 per year. The total amount is EUR 250,000 and the applicable procurement method is Local Open Tender.

Framework Contracts may not be used in such a way as to prevent, restrict or distort competition.

**Products subject to rapid price and technological evolution**
In sectors subject to a rapid price and technological evolution (such as computers, software, cell phones etc.), Framework Contracts without reopening of competition shall contain a stipulation either on a mid-term review or on a benchmarking system.

**Duration of a framework contract:**
The term of a Framework Contract may not exceed five years.

**2.10.1 Buying from a framework contract**
Specific contracts based on Framework Contracts shall be awarded in accordance with the terms of the Framework Contract, after having consulted in writing all Contractors originally part of the Framework Contract.

In any case, specific contracts shall comply with the requirements:

(a) Satisfactory quality
(b) Timely delivery or completion
(c) The price corresponds to market prices and does not affect adversely the economy and efficiency of the operation

Please contact DCA Procurement & Logistic Division, e-mail: procurement@dca.dk to learn about existing framework contract and for guidance on how to buy from the framework contract.
2.11  Procurement Centre

2.11.1  Buying from a Procurement Centre

DCA Procurement & Logistic Division has a list of approved Procurement Centres.

The procurement procedure which applies is “Single Quote” as described in section 2.12.2 Single Quote (Consultancy firms).

2.11.2  Procedures when applying a procurement centre under ECHO funding

For ECHO funded projects you can place the order with a pre-qualified procurement centre, only. See ECHO web-site for a list of pre-qualified procurement centres. (See the following link http://ec.europa.eu/echo/partners/procurement_en.htm).

DCA Head of procurement shall always approve purchase from the procurement centre before entering into a contract.

The procurement method to be applied is Single Quote (see section 2.12.2). Please contact DCA Procurement & Logistic Division procurement@dca.dk for a contract template.

The following text is the rules and procedures for entering contract with HPC from ECHO annex IV.

ECHO approved procurement centres:
In accordance with the procedure set out in the Humanitarian Aid Guidelines for Procurement, the European Commission Directorate General for Humanitarian Aid (DG ECHO) shall assess the procurement rules and procedures, the financial and the operational capabilities of those entities wishing to be recognised as HPC and shall maintain a registry accessible via internet of validated HPCs.

HPCs shall guarantee equal treatment of suppliers and among Contracting Authorities, high standards for integrity, transparency, price, performance and quality. The procurement procedures of HPCs shall comply with the mandatory principles of procurement set out in Annex IV.

Handling fee or overhead costs
The handling fee or overhead costs charged to the Contracting Authority may be considered eligible providing that the HPC is able to demonstrate the methodology used. This methodology will be verified by DG ECHO as part of the HPC’s validation process. The contractual arrangements concluded between the Contracting Authority and the Humanitarian Procurement Centre shall include the necessary provisions in this respect and shall allow the identification of the different costs.

Procurement method for HPC
Contracting Authorities may place orders with a HPC on the basis of a negotiated procedure with a single tender.

Contractual relations
There is no contractual relation between the European Commission and the HPC. The validation by the European Commission of an organisation as HPC does not constitute an assurance with respect to the quality of products and services provided by the HPC or with respect to the latter’s compliance with contractual obligations towards third parties. The Contracting Authority shall exercise the necessary degree of care, efficiency and diligence when procuring supplies or services from a HPC.

HPCs shall grant the European Commission, the European Anti-Fraud Office and the Court of Auditors, appropriate right of access to their financial and accounting documents for the purposes of checks and audits.

Without prejudice to the adoption of financial and administrative sanctions in accordance with the applicable Legislative provisions, the European Commission shall cancel an entry in this registry, after having given the concerned HPC the opportunity to present its observations, in cases of failure to comply with the mandatory
principles of procurement, in particular in cases of corrupt, fraudulent, collusive or coactive practices, and when the HPC fails to meet its contractual obligations with Contracting Authorities.

2.11.3 Considerations when drafting TOR/Contract with an HPC for ECHO funded projects

Only approach ECHO approved Procurement Centres (HPCs). See the following link http://ec.europa.eu/echo/partners/procurement_en.htm

Resources required from DCA and Partner

When entering a contract with a Procurement Centre DCA and Partner should take part in the following activities to ensure that the correct goods are being purchased and to avoid costly misunderstandings.

1. approve the procurement plan and subsequent changes
2. provide and approve technical specifications before suppliers are approached
3. approve the successful tenders/supplier offers (specifications) before the HPC place the order
4. assist with import permits
5. other issues relevant to the specific procurement/project

To avoid delays in the procurement process DCA and partner shall set a side the necessary resources to carry out the above tasks.

Preparing terms of reference (TOR) and the Contract draft

When entering an agreement with a HPC, apply the contract draft in annex SER 3. The contract shall be adjusted to the specific procurement.

The following are points to consider when drafting the contract and the Terms of Reference (TOR)

In the contract:

Carefully consider the special conditions in the standard contract and make the necessary adjustments, and consider the following points:

• Payment and fee
  (Terms of payment to be negotiated with the HPC and the contract shall be adjusted accordingly).

The HPC shall ensure the identification of the different costs in the documentation.

(Note: In order for the handling fee or overhead costs to be considered eligible costs by ECHO the HPC must be able to demonstrate the methodology used).

• ECHO approved HPC:
  The Contractor (HPC) certifies that they are recognised as HPC by ECHO and will follow its procurement procedures, which has been verified by ECHO as part of the HPC’s validation process.

The Contractor (HPC) shall immediately inform the Contracting Authority if a situation occurs where ECHO may cancel the registry of the Contractor as an approved HPC (reference to section 4.7 in ECHO Annex IC 27/11/2007 Rules and procedures applicable to property, supply, works and service contracts awarded within the framework of the Humanitarian Actions financed by the communities).

If the contract is drafted by the HPC on their terms make sure that the terms minimum comply with the provisions described in section 2.11.2 above and ECHO annex IV.

The HPC shall have a full indemnity insurance policy covering its professional liability under the contract

The terms of reference (TOR):

The standard contract in annex SER-3 contains a standard template for TOR. The following is the general structure.

1. Background
2. Contract purpose and expected results
3. Assumptions and risks
4. Scope of the service
5. Timing, logistics and facilities
6. key experts and other personnel
7. sub-contractors, if any
8. Reporting

TOR has to be adjusted to the specific procurement – the following are points to consider when drafting the TOR:

1. Background
Information of the project, source of funding, information about the project, the organisation and the partners

2. Contract purpose and expected results
Write the overall objective, the purpose of this contract and expected results.

Results:
The goods as described in annex xx shall be procured, custom cleared and delivered to site xxx latest by xx.xx.200x.

All procurement shall be carried out in accordance with the rules and procedures described in ECHO Annex IC 27/11/2007 Rules and procedures applicable to property, supply, works and service contracts awarded within the framework of the Humanitarian Actions financed by the communities).

The HPC shall apply its HPC procurement procedures, which has been verified by ECHO as part of the HPC’s validation process.

3. Assumptions and risks

4. Scope of the service
Describe the procurement to be undertaken and enclose relevant annexes. Describe for what purpose the goods are for (project information)

Describe in details extend of the tasks to be undertaken by the HPC i.e. from procurement planning to delivery at final site.

- Procurement Plan:
The HPC shall after signing the contract draft a Procurement Plan which shall be approved by the Contraction Authority. Using the template in annex xx (enclose Annex Gen 2-2) or a similar format providing minimum the same information. Any changes in the Procurement Plan must be approved by the Contraction Authority. At any time, the Contraction Authority can request the HPC to make amendments in the Procurement Plan.

- Drafting Technical specifications
The Contracting Authority will provide the HPC with technical specification. Where thorough specifications are missing the HPC shall make a draft of the technical specification based on their knowledge from similar procurement. Before any supplier is approached with a request for a quotation the Contraction Authority shall approve the technical specifications drafted by the HPC.

- Evaluation of offers
Once the HPC has completed evaluation for a specific lot and before placing an order with a supplier, the Contracting Authority must approve the offer (including technical offer) from the successful supplier BEFORE the HPC is allowed to place the order with the supplier.

- Export and import permits / shipping documentation
It is the responsibility of the HPC to investigate prior to placing an order with a supplier that the necessary export and import permits can be obtained. The HPC can request the Contracting Authority for assistance in obtaining the necessary documentation, any delay in shipment/or 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.

5. Timing, logistics and facilities  
State when the contract will commence and period for implementation.

6. Key experts and other personnel  
Refer to organisation & methodology

7. Sub contractors, if any  
Not applicable

8. Reporting  
Specify report requirements.

For instance: The HPC shall on a weekly basis provide the Contracting Authority with a progress report on the procurement and deliveries/shipments. The report shall be sent by e-mail to: <insert e-mail>

Describe the final report required, content, procurement documentation, language, no. of copies, to whom they shall be submitted.

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2.12 Services - Procurement method & steps

Services - Procurement methods & steps

Procurement methods are the rules on "how to buy". This section describes the rules and methods for procurement of services:

Service contracts cover all intellectual and non-intellectual services other than those covered by supply contracts, works contracts and property contracts. Service contracts also comprise study and technical assistance contracts and freight contracts.

- **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. (If the freight is included in the supply contract, it is not a service contract)

Rental and hire of equipment is not considered a service contract for procurement purposes, but a supply contract (e.g., rent of vehicle). Be aware that some services such as financial services, cleaning services, accommodation and catering might be considered "running costs" of the project, and therefore not subject to procurement procedure. For the distinction between “consultant” contract and “employment” contract, please refer to section 3 “Legal Aspects”.

| SERVICES |
|------------------|------------------|------------------|
| Up to EUR 9,999  | Single quote - Individual consultants | Described in section 2.12.1 |
| Up to EUR 9,999  | Single quote - Consultancy firms | Described in section 2.12.2 |
| EUR 10,000-149,999| Negotiated procedure - Individual consultants | Described in section 2.12.3 |
| EUR 10,000-149,999| Negotiated procedure - Consultancy firms | Described in section 2.12.4 |
| EUR 150,000 – 299,999| Local open Tender 1) | Contact procurement@dca.dk |
| Above EUR 300,000| International Open tenders 1) | Contact procurement@dca.dk |

1) Since service contracts with a contract value above EUR 150,000 are unlikely to occur, the method will not be described in this manual. Should the method be required, please contact procurement@dca.dk for assistance and standard tender documents. To read about the procedure for open tenders, please read the sections under supply contracts.

The standard documents for “Service contracts” included in this manual shall be used for contracts with consultants, procurement agents, inspection agents, auditors, universities, research institutions, NGOs and individuals for the carrying out 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 agreement” must be used (included in Annex SER 6), because of the specificity of the engineering services required and the necessary link to the works contract.

**The standard documents are not appropriate for other kinds of service contracts, which do not involve the provision of “intellectual” services, such as contracts for transport, financial services, cleaning services, accommodation, catering...**

For **single quote** – DCA has developed standard annexes for both hiring of individual consultants in section 2.12.1 and for hiring consultancy firms Section 2.12.2.

For **negotiated procedure** – DCA has developed standard annexes for both hiring individual consultants in section 2.12.3 – and a set of documents for hiring consultancy firms Section 2.12.4.

Should the enclosed documents not fulfil your needs, please contact DCA Procurement & Logistic Division procurement@dca.dk.
2.12.1 Single Quote – (Individual Consultant) Services (up to EUR 9,999)

Single quote for procurement up to EUR 9,999:-

- The Procurement Committee can negotiate the terms of a contract with one consultant. However, when applying single quote the Procurement Committee shall always ensure that the contract price/fee corresponds to the present market price or lower, which can for example be proven by obtaining the three quotations or referring to recent contracts which have been subject to a negotiated procedure or open tender. That the contract price corresponds to the market price shall be justified in the procurement file.

Single quote applied in exceptional circumstances for amounts above EUR 10,000:
In special cases contracts above EUR 10,000 can be awarded by using the single quote method - this method is discouraged and where it is necessary to use, it shall be restricted to and reserved for the situations listed in section 2.6.1.

Take notice: It is required to publish an award notice for contract above EUR 30,000. See section 2.7.2 step 8. for further information on award notice. Be aware of any specific donor requirements for award notice.

Service annexes for individual Consultants - Single Quote (up to EUR 9,999)

<table>
<thead>
<tr>
<th>GEN 1-1</th>
<th>Declaration of impartiality and confidentiality</th>
</tr>
</thead>
<tbody>
<tr>
<td>SER 2</td>
<td>Requests for Proposal (RFP) – Individual consultants</td>
</tr>
</tbody>
</table>

The steps involved in the Single quote method are presented in the table on the following page.

<table>
<thead>
<tr>
<th>Step No.</th>
<th>What has to be done</th>
<th>Who should do it</th>
<th>Description</th>
<th>See supporting annex</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Draft TOR</td>
<td>Programme Manager</td>
<td>Draft TOR (terms of reference)</td>
<td>SER 2:RFP</td>
</tr>
<tr>
<td>2</td>
<td>Approach the consultant to provide the service</td>
<td>Procurement Officer approved by Programme Manager</td>
<td>The quotation can be obtained by a non-written request or a written RFP</td>
<td>SER 2: RFP</td>
</tr>
</tbody>
</table>
| 3       | Issue the contract | Procurement officer approved by Programme Manager | Negotiated the terms of the contract with consultant – using the standard contract format | SER 2: (apply the contract form in the RFP)  
SER 6: Engineer contract |

Before the process is initiated – make sure that
a) All members of the Procurement Committee shall sign the Declaration of impartiality and confidentiality.

Step 1: TOR (terms of reference) - Single Quote
Identify the service(s) required to implement the project and draft TOR (see section 2.5.2). Those services are 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 (and not the procurement expert) are the ones in charge of drafting the TOR.

Step 2: Request for proposal – Single Quote
Approach the consultant for an offer. The offer can either be obtained by a non-written request to the consultant or by a written Request for Proposal (RFP). The advantage of using a written RFP is to avoid misunderstandings and to ensure that you obtain all the required information at once.

If proposals are obtained verbally, remember to make a Note to File with details of the proposals.

Step 3: Contract – Single Quote
Negotiate the contract terms with the Consultant.

DCA Procurement manual – September 2008
The contract shall be drafted in accordance with the sample presented in the annex RFP 2. Short guidelines on how to complete the contract form are presented therein. Check if this standard contract has to be adapted to local legislation, local traditions for consultancy contracts or local requirements, as appropriate – but do not delete articles 9 (eligibility) or 10 (audits) in case of an ECHO or EuropeAid funded project (EU requirements). Incorporate in the contract all agreements reached with the selected consultant and attach the annexes (TOR and Methodology and Outline Programme).

The contract shall be forwarded by fax or e-mail (PDF format). The consultant shall return the contract by fax with all pages duly signed. Alternatively, the consultant can be invited to sign the contract at the Contracting Authorities’ office.

**IMPORTANT**

It is the responsibility of the Procurement Committee to ensure “best value for money” and ensure that the purchase price is in accordance with the present market price or lower.
2.12.2 Single Quote – (Consultancy firms) Services (up to EUR 9,999)

Single quote for procurement up to EUR 9,999.-

- The Procurement Committee can negotiate the terms of a contract with one consultant. However, when applying single quote the Procurement Committee shall always ensure that the contract price/fee corresponds to the present market price or lower, which can for example be proven by obtaining the three quotations or referring to recent contracts which have been subject to a negotiated procedure or open tender. That the contract price corresponds to the market price shall be justified in the procurement file.

Single quote applied in exceptional circumstances for amounts above EUR 10,000:
In special cases contracts above EUR 10,000 can be awarded by using the single quote method - this method is discouraged and where it is necessary to use, it shall be restricted to and reserved for the situations listed in section 2.6.1.

Take notice: It is required to publish an award notice for contract above EUR 30,000. See section 2.7.2 step 8. for further information on award notice. Be aware of any specific donor requirements for award notice.

Service annexes for Consultancy firms - Single Quote (up to EUR 9,999)

GEN 1-1 Declaration of impartiality and confidentiality
SER 3 Requests for Proposal (RFP) – consultancy firms

The steps involved in the Single quote method are presented in the table on the following page.

<table>
<thead>
<tr>
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<th>Who should do it</th>
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<td>Draft TOR (terms of reference), SER 3: RFP</td>
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<td></td>
</tr>
<tr>
<td>3</td>
<td>Issue the contract approved by Programme Manager</td>
<td>Procurement Officer</td>
<td>Negotiate the terms of the contract with consultant – using the draft contract in the RFP, SER 3: RFP</td>
<td></td>
</tr>
</tbody>
</table>

Before the process is initiated – make sure that

b) all members of the Procurement Committee shall sign the Declaration of impartiality and confidentiality.

Step 1: TOR (terms of reference) - Single Quote

Identify the service(s) required to implement the project and draft TOR (see section 2.5.2). Those services are 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 (and not the procurement expert) are the ones in charge of drafting the TOR.

Step 2: Request for proposal – Single Quote

Approach the consultant for an offer. The offer can either be obtained by a non-written request to the consultant or by a written Request for Proposal (RFP). The advantage of using a written RFP is to avoid misunderstandings and to ensure that you obtain all the required information.

Step 3: Contract – Single Quote

Negotiate the contract terms with the Consultant.

The Contract shall be drafted in accordance with the sample presented in the RFP annex SER 3. Check if this standard contract has to be adapted to local legislation, local traditions for consultancy...
contracts or local requirements, as appropriate – but do not delete or make alteration in The General Terms & Conditions for Services Contracts Ver1 2006. Incorporate in the contract all agreements reached with the selected consultant and attach the annexes (General Terms & Conditions for Services Contracts – Ver1 2006 TOR and Methodology and Outline Programme and other relevant documents – see Article 8 in the draft contract).

The Contract shall be forwarded by fax or e-mail (PDF format). The consultant shall return the contract by fax with all pages duly signed. Alternatively the consultant can be invited to sign the contract at the Contracting Authorities’ office.

**IMPORTANT**
*It is the responsibility of the Procurement Committee to ensure “best value for money” and ensure that the purchase price is in accordance with the present market price or lower.*
2.12.3 Negotiated procedure – Services (Individual consultants) (EUR 10,000 – 149,999)

Negotiated procedure: This method involves collection of at least 3 offers from different consultants. For service contracts above EUR 60,000 advertisement of an Expression of Interest in the local news paper is required.

- The negotiated procedure is more formal than the single quote procedure and requires that minimum 3 consultants are invited simultaneously in writing to submit a proposal. However, the procedure is less formal than an open tender procedure and gives the opportunity to negotiate the terms of the contract.

<table>
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<tr>
<th>Services annexes for individual consultants – Negotiated Procedure (EUR 10,000 – 149,999)</th>
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<tr>
<td>GEN 1-1</td>
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<td>SER 1</td>
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<td>SER 4</td>
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<tr>
<td>SER 7</td>
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<td>GEN 1-5</td>
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The steps involved in this method are presented below.

<table>
<thead>
<tr>
<th>Negotiated procedure</th>
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<tr>
<td>Step No.</td>
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Time schedule for Negotiated procedure: see guidance in annex GEN 2-3.

Before the process is initiated – make sure that

a) all members of the Procurement Committee shall sign the Declaration of impartiality and confidentiality.
Step 1: TOR (terms of reference) - Negotiated procedure
Identify the service(s) required to implement the project and draft TOR (see section 2.5.2). Those services are often part of project activities and TOR may already have been drafted in another context than procurement. It is the responsibility of the Programme Manager to draft the TOR.

Step 2: Short list - Negotiated procedure
Prepare a short list with a minimum of 3 consultants. It is recommended to include 4-6 consultants, to ensure that minimum 3 proposals are obtained. The short list shall be prepared by the Programme Officer and approved by the Programme Manager (or the person appointed by him). As an option the DCA Supplier Database can be used to identify consultants.

Step 3: RFP - Negotiated procedure
The Request for Proposal shall be forwarded simultaneously (same day) to all selected consultants. This is to ensure that all Consultants are been given equally long time to prepare and submit their proposal.

When preparing the Request for Proposal follow the instructions in the RFP and decide in particular on:

a) Type of contract/Type of remuneration
The consultancy 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 section 8 of the RFP (instructions to candidates and in clause 3 of the Draft Contract.

Global price – or “lump sum” contracts, is normally used when the definition of the tasks to be performed is clear and unambiguous, when the commercial risks taken by the Consultant are relatively low, and when therefore such Consultant is prepared to perform the assignment for an agreed predetermined global/lump sum price. Such price is arrived at on the basis of inputs - including rates - provided by the Consultant. The Contracting Authority agrees to pay the Consultant according to a schedule of payments linked to the delivery of certain outputs, for example 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: for example, surveys, master plans, economic, sector, simple feasibility and engineering studies.

Fee-based – or “time based” contracts are used for assignments for which remuneration is being determined on the basis of the time actually spent by the Consultant 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 Consultant. In fee-based contracts the Consultant provides services on a time basis according to quality specifications, and the Consultant’s remuneration is based on (i) agreed unit rates for Consultant 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 Consultant and to be involved in the daily execution of the assignment.

b) Evaluation Criteria
In the standard RFP we have presented an evaluation model which can be applied. See article 11 in the RFP and the annex “Evaluation Grid and Report”. Criteria which can be chosen include: proposed remuneration, Consultant’s experience in the field of the assignment, qualifications, specific experience in the region/country of the assignment, adequacy of the proposed methodology, work plan and approach in responding to the Terms of Reference and conditions and time limits for performing the services. The criteria must be relevant to the project, they must be able to be evaluated in a meaningful way and they must be able to be used to allocate a score to the proposals.

c) Timeframe
When are the services required and for which period(s)?
d) Donor Requirements
Take notice of specific donor requirements – such as requirements as to nationality, exclusivity clauses, publication rights, visibility, right to audit, exclusion and eligibility clauses, preference criteria, etc., which might require amendment of the RFP or the contract.

e) Payment terms
What payment terms should be applied?

f) Bank guarantees
Will an advance payment guarantee or a performance guarantee be required? For more information on bank guarantees, see section 3, legal aspects. The standard RFP does not contain provisions in respect of such guarantees since it is uncommon that they are required for consultancy contracts. However, it might appear relevant to require some in the case of a contract of high value, in which case you can take inspiration from the guarantee provisions of the documents on supply contracts.

Recommendation
To ensure that sufficient proposals will be received on time, it is recommended to contact all short-listed consultants 1-2 days after the RFP has been submitted and ask the consultants if they intend to submit the offer before deadline. In particular when a short deadline is required, it is a good idea to follow up with the consultants and explain to new consultants about the importance of completing the submission form and submitting the proposal prior to the deadline.

Step 4: Evaluate proposals - Negotiated procedure
Upon receipt of the proposals, register the time of receipt of proposals and fill in the “evaluation grid”. Please take note that consultants who have not submitted their proposal before 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 4).

i.e. Proposals will be ranked according to their combined technical (St) and financial (Sf) scores using the weights of 80% for the Technical Proposal; and 20% for the offered price. See the evaluation grid and RFP for further guidance.

A different evaluation method can be chosen, in which case it will have to be clearly described in the RFP.

Step 5: Interview of candidates (OPTIONAL) - Negotiated procedure
The consultants who are administratively compliant (having passed the questions in Part A of the evaluation grid) and who have obtained a minimum technical score of 80 (decide on the score in the RFP) – can be invited for an interview. After the interviews the committee has the possibility to change the scores on the evaluation grid. A separate column is on the evaluation grid for this purpose.

Step 6: Negotiate terms (OPTIONAL) - Negotiated procedure
If found necessary, the Procurement Committee has the option to negotiate the terms of the contract.

Negotiations will not entail any substantial deviation from the terms and conditions of the Request for Proposal, but shall have the purpose of obtaining from the candidates 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, when all the remunerations proposed by the candidates exceed the limits of the funds made available to the Contracting Authority by its donor/funding agency.
The negotiations can be done by phone, e-mail or fax or at a meeting (in this case, a written recap shall be filed and copied to the candidate). There are no specific procedures for negotiations except that the General Principles of procurement shall always be respected, i.e. all candidates shall be provided with an equal opportunity and the negotiations shall be documented and filed.

If negotiations are done by phone, then the Procurement Committee shall recap the negotiations and submit it to the candidate “with reference to our phone conversation – we can recap our conversation as follows: ……”

Case scenario
In case all consultants have offered a too high price and/or you need to change/adjust the TOR, you do not need to issue a new RFP; you can merely contact the consultants in writing with your amendments and request a revised proposal stating the deadline for a few days only depending on the amendments you have made.

Step 7: Final evaluation and award of contract – Negotiated procedure

The Contracting Authority will award the contract to the Consultant 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 Consultant 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 weights of 80% for the Technical Proposal; and 20% for the offered price.

Once the consultant has been selected and the contract awarded by the Procurement Committee, the draft contract has to be taken out of the RFP, and renamed “Contract”.

Short guidelines on how to complete the contract form are presented therein. Check if this standard contract has to be adapted to local legislation, local traditions for consultancy contracts or local requirements, as appropriate – but do not delete articles 9 (eligibility) or 10 (audits) in case of an EU funded-project. Incorporate in the contract all agreements reached with the selected consultant (e.g., amount of remuneration, bank account references, etc) and attach the annexes (TOR and Methodology and Outline Programme).

The contract shall be signed by the person authorized in accordance with the authorization guidelines of the programme.

The contract shall be forwarded by fax or e-mail. The consultant shall return the contract by fax with all pages duly signed. Alternatively the consultant can be invited to sign the contract at the Contracting Authority’s office.

Step 8: Letter to all unsuccessful candidates - Negotiated procedure

Once the Consultant has returned the Service Contract duly signed, a Notification Letter shall be sent to all unsuccessful candidates informing them of the name of the successful consultant, the total contract value and the scores as per the evaluation.

Step 9: Award Notice - Negotiated procedure

An award notice can be published on the DCA website. This is optional for contracts up to EUR 30,000 and obligatory for contracts above EUR 30,000. However be aware of any specific donor requirements.

Award notice on DCA website can be exempted if the Procurement Committee considers a public notice on a contract award on DCA website might endanger the organisation’s safety or harm its interests.
For Award notice – please forward the award details to DCA Head Office, Procurement & Logistic Division and request them to upload the award notice. The information you should send is: a) Description of product, b) contract value and currency, c) source of funding, d) date of contract, e) contract no. and f) beneficiary country, g) name of consultant.

**Donor requirements:**
The Procurement Committee shall take notice of any specific donor requirements for publishing an award notice.
2.12.4 Negotiated procedure – Services (Consultancy firms) (EUR 10,000 – 149,999)

**Negotiated procedure:** This method involves collection of at least 3 offers from different consultants. For service contracts above EUR 60,000 advertisement of an Expression of Interest in the local newspaper is required.

- The negotiated procedure is more formal than the single quote procedure and requires that minimum 3 consultants are invited simultaneously in writing to submit a proposal. However, the procedure is less formal than an open tender procedure and gives the opportunity to negotiate the terms of contract with one or more candidates.

### Service annexes for Consultancy firms – Negotiated Procedure (EUR 10,000 – 149,999)

| GEN 1-1 | Declaration of impartiality and confidentiality |
| SER 1   | List of Candidates and register of receipt of proposal |
| SER 3   | Requests for Proposal (RFP) – consultancy firms |
| SER 5   | Evaluation Grid – Consultancy firms |
| SER 7   | Letter to unsuccessful candidates |
| GEN 1-5 | Award notice |

The steps involved in this method are presented below.

<table>
<thead>
<tr>
<th>Step No.</th>
<th>What has to be done</th>
<th>Who should do it</th>
<th>Description</th>
<th>See supporting annex</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Draft TOR</td>
<td>Procurement Committee</td>
<td>Draft TOR</td>
<td>SER 3: RFP</td>
</tr>
<tr>
<td>2</td>
<td>Make a short list of minimum 4-8 consultants</td>
<td>Procurement Officer and approved by Programme Manager</td>
<td>Use available databases and source new consultants</td>
<td>SER 1: List of Candidates</td>
</tr>
<tr>
<td>3</td>
<td>Submit the Request for Proposal</td>
<td>Procurement officer</td>
<td>Prepare the Request for Proposal and submit it simultaneously to all selected consultants</td>
<td>SER 3: RFP</td>
</tr>
<tr>
<td>4</td>
<td>Evaluate proposals</td>
<td>Procurement Committee</td>
<td>Draft information from the offers on an Evaluation grid. Invite</td>
<td>SER 5: Evaluation grid</td>
</tr>
<tr>
<td>5</td>
<td>Interview candidates (optional)</td>
<td>Procurement Committee</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>SER 5: Evaluation grid</td>
</tr>
<tr>
<td>6</td>
<td>Negotiate (optional)</td>
<td>Procurement Committee</td>
<td>There is an option to negotiate some terms. Rules are described further in this chapter</td>
<td></td>
</tr>
<tr>
<td>7</td>
<td>Issue the contract</td>
<td>Procurement Officer approved by Programme Manager</td>
<td>The service contract included in the RFP shall be completed and sent to the successful consultant for signature</td>
<td>SER 3: RFP</td>
</tr>
<tr>
<td>8</td>
<td>Notification Letter</td>
<td>Procurement Officer</td>
<td>Unsuccessful candidates shall be notified of the award</td>
<td>SER 7: Letter to unsuccessful candidates</td>
</tr>
<tr>
<td>9</td>
<td>Award notice</td>
<td>Procurement Officer</td>
<td>To be published at the DCA website (optional for contract below EUR 30,000)</td>
<td>GEN 1-5: Award notice</td>
</tr>
</tbody>
</table>

**Before the process is initiated – make sure that**
- all members of the Procurement Committee shall sign the Declaration of impartiality and confidentiality.
Step 1: TOR (terms of reference) - Negotiated procedure

Identify the service(s) required to implement the project and draft TOR (see section 2.5.2). Those services are often part of project activities and TOR may already have been drafted in another context than procurement. It is the responsibility of the Programme Manager to draft the TOR.

Step 2: Short list - Negotiated procedure

Prepare a short list with a minimum of 3 consultants. It is recommended to include 4-6 consultancy firms to ensure that minimum 3 proposals are obtained. The short-list shall be prepared by the Programme Officer and approved by the Programme Manager (or the person appointed by him). As an option the DCA Supplier Database in ADMIND can be used to identify consultants.

Step 3: RFP - Negotiated procedure

The Request for Proposal shall be forwarded simultaneously (same day) to all selected consultants. This is to ensure that all Consultants are been given equally long time to prepare and submit their proposal. When preparing the Request for Proposal, follow the instructions in the RFP and decide in particular on:

a) Type of contract

The consultancy 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.

Global price – or “lump sum” contracts are normally used when the definition of the tasks to be performed is clear and unambiguous, when the commercial risks taken by the Consultant are relatively low and when therefore such Consultant is prepared to perform the assignment for an agreed predetermined global/lump sum price. Such price is arrived at on the basis of inputs - including rates - provided by the Consultant. The Contracting Authority agrees to pay the Consultant according to a schedule of payments linked to the delivery of certain outputs, for example 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: for example, surveys, master plans, economic, sector, simple feasibility and engineering studies.

Fee-based – or “time based” contracts are used for assignments for which Payment is being determined on the basis of the time actually spent by the Consultant 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 depends on variables that are beyond the control of the Consultant. In fee-based contracts the Consultant provides services on a time basis according to quality specifications, and the Consultant’s remuneration is based on (i) agreed unit rates for Consultant 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 Consultant and to be involved in the daily execution of the assignment.

b) Evaluation Criteria

1) In the standard RFP we have presented a model which can be applied. See article A.16 in the RFP and the Evaluation grid. The advantage of is that it will be easy for the committee to evaluate.

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

c) Timeframe

When is/are the service(s) required.
d) Donor Requirements
Take notice of specific donor requirements – such as requirements to nationality and country of origin, procurement method, publication, visibility etc.

e) Payment terms
What payment terms should be applied?

f) Bank guarantees
Will an advance payment guarantee be required? For more information on bank guarantees, see the section legal aspects section 3.

**Recommendation**
To ensure that sufficient proposals will be received on time, it is recommended to contact all short-listed consultants 1-2 days after the RFP has been submitted and ask the consultants if they intend to submit the offer before the deadline. In particular when a short deadline is required, it is a good idea to follow up with the consultants and explain to new consultants about the importance of completing the submission form and submitting the proposal prior to the deadline.

**Step 4: Evaluation proposals - Negotiated procedure**
Upon receipt of the proposals, register the time of receipt of proposals and fill in the “evaluation grid negotiated firm”. Please note that consultants 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 criteria. Instructions on how to attribute scores and weighted scores are included in the “Evaluation Grid Negotiated firms”.

i.e. Proposals will be ranked according to their combined technical and financial scores using the weights of 80% for the Technical Proposal; and 20% for the offered price. See the evaluation grid and RFP for further guidance.

**Step 5: Interview of candidates (OPTIONAL) - Negotiated procedure**
The consultants who are administratively compliant (having passed the questions in Part A of the evaluation grid negotiated firm) and who have obtained a minimum technical score of 80 (decide on the score in the RFP) – can be invited for an interview. After the interviews the committee has the possibility to change the scores on the evaluation grid. A separate column is on the evaluation grid for this purpose.

**Step 6: Negotiate terms (OPTIONAL) - Negotiated procedure**
If found necessary, the Procurement Committee has the option to negotiate the terms of the contract.

Negotiations will not entail any substantial deviation to the terms and conditions of the Request for Proposal, but shall have the purpose of obtaining from the candidates 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, when all the remunerations proposed by the candidates exceed the limits of the funds made available to the Contracting Authority by its donor/funding agency.

The negotiations can be done by phone, e-mail or fax or at a meeting (in this case, a written recap shall be filed and copied to the candidate). There are no specific procedures on negotiations except that the General Principles of Procurement shall always be respected, i.e. all candidates shall be provided equal opportunity and the negotiations shall be documented and filed.
If negotiations are done by phone, then the Procurement Committee shall recap the negotiations and submit it to the candidate “with reference to our phone conversation – we can recap our conversation as follows: ……”

**Case scenario**

In case all consultants have offered a too high price and/or you need to change/adjust the TOR, you do not need to issue a new RFP; you can merely contact the consultants in writing with your amendments and request a revised proposal postponing the deadline for a few days only depending on the amendments you have made.

**Step 7: Final evaluation and award of contract - Negotiated procedure**

The Contracting Authority will award the contract to the Consultant 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 Consultant has also been determined to fulfil the eligibility and non-exclusion criteria.

i.e. Proposals will then be ranked according to their combined technical and financial scores using the weights of 80% for the Technical Proposal; and 20% for the offered price.

Once the consultant has been selected and the contract awarded by the Procurement Committee, the draft contract has to be taken out of the RFP and renamed “Contract”.

Check if this standard contract has to be adapted to local legislation, local traditions for consultancy contracts or local requirements, as appropriate. Incorporate in the contract all agreements reached with the selected consultant (e.g., amount of remuneration, bank account references, etc) and attach the annexes (TOR and Methodology and Outline Programme).

The contract shall be signed by the person authorized in accordance with the authorization guidelines of the programme.

The contract shall be forwarded by fax or e-mail. The Consultant shall return the contract by fax with all pages duly signed. Alternatively the consultant can be invited to sign the contract at the Contracting Authority’s office.

**Step 8: Letter to all unsuccessful candidates - Negotiated procedure**

Once the Consultant has returned the Service Contract duly signed a Notification Letter shall be sent to all unsuccessful candidates informing them of the name of the successful consultant, the total contract value and the scores as per the evaluation.

**Step 9: Award Notice - Negotiated procedure**

An award notice can be published on the DCA website. This is optional for contracts up to EUR 30,000 and obligatory for contracts above EUR 30,000. However be aware of any specific donor requirements.

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

For Award notice – please forward the award details to DCA Head Office, Procurement & Logistic Division and request them to upload the award notice. The information you should send is: a) Description of product, b) contract value and currency, c) source of funding, d) date of contract, e) contract no. and f) beneficiary country g) name of consultant.

**Donor requirements:**

The Procurement Committee shall take notice of any specific donor requirements for publishing an award notice.
2.13 Civil works - Procurement method & steps

Procurement methods are the rules on “how to buy”. This section describes the rules and methods for procurement of civil works.

Civil works: Works contracts cover either the execution, or both execution and design, of works or the realisation, by whatever means, of a work corresponding to the requirements specified by the contracting authority. A ‘work’ means the outcome of building or civil engineering works taken as a whole that is sufficient in itself to fulfil an economic or technical function. There 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 plant and 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.

<table>
<thead>
<tr>
<th>WORKS</th>
<th>Up to EUR 9,999</th>
<th>Single quote</th>
<th>Described in section 2.13.1</th>
</tr>
</thead>
<tbody>
<tr>
<td>EUR 10,000-299,999</td>
<td>Negotiated procedure</td>
<td>Described in section 2.13.2</td>
<td></td>
</tr>
<tr>
<td>EUR 300,000-2,999,999</td>
<td>Local Open Tender 1)</td>
<td>Contact <a href="mailto:procurement@dca.dk">procurement@dca.dk</a></td>
<td></td>
</tr>
<tr>
<td>Above EUR 3,000,000</td>
<td>International Open Tender 1)</td>
<td>Contact <a href="mailto:procurement@dca.dk">procurement@dca.dk</a></td>
<td></td>
</tr>
</tbody>
</table>

1) Since civil works with a contract value above EUR 300,000 are unlikely to occur, the method will not be described in this manual. Should the method be required, please contact procurement@dca.dk for assistance and standard tender documents. To read about the procedure for open tenders, please read the sections under supply contracts.

When is it a works contract?

Many of the DCA projects, in water and sanitation for example, involve construction activities. These projects are often implemented directly by the DCA office or local partner who himself buys construction materials and hires local labour and possibly the services of an engineer/construction expert, but without hiring an entrepreneur or construction company. In those cases, it is not a “works contract”. You will have to follow the rules applicable to the procurement of the different supplies and equipment necessary for the construction (and for services, if an engineer is hired), without having to comply with thresholds and rules for the award of works contracts.

However, when the Contracting Authority is in presence of works which will necessitate the services of an entrepreneur/construction company, make sure that the appropriate standard documents for works contracts are used, and that specific procurement rules are followed (see rules, below).

Please read section 3 concerning specific legal risks and necessary precautions for works contracts before you proceed.
2.13.1 Single Quote – Civil Works (Up to EUR 9,999)

Single quote for procurement up to EUR 9,999.-

- The Procurement Committee can negotiate the terms of a contract with one Contractor. However, when applying single quote the Procurement Committee shall always ensure that the contract price corresponds to the present market price or lower, which can for example be proven by obtaining the three quotations or referring to recent contracts which have been subject to a negotiated procedure or open tender. That the contract price corresponds to the market price shall be justified in the procurement file.

Single quote applied in exceptional circumstances for amounts above EUR 10,000:
In special cases contracts above EUR 10,000 can be awarded by using the single quote method - this method is discouraged and where it is necessary to use, it shall be restricted to and reserved for the situations listed under section 2.6.1.

Civil Works annexes for single quote (up to EUR 9,999)

- GEN 1-1 Declaration of impartiality and confidentiality
- WOR 2 Requests for proposal (RFP) value up to EUR 29.999
- GEN 1-5 Contract Award Notice

The steps involved in the Single quote method are presented in the table on the following page.

<table>
<thead>
<tr>
<th>Step No.</th>
<th>What has to be done</th>
<th>Who should do it</th>
<th>Description</th>
<th>See supporting annex</th>
</tr>
</thead>
<tbody>
<tr>
<td>*</td>
<td>Hire the Engineer</td>
<td>Procurement Committee</td>
<td>Unless the Project Manager has the necessary construction experience and skills, an Engineer shall be hired with consideration to the nature of the project</td>
<td>Use the standard documents for SERVICES and special contract for engineer (Annex SER 6).</td>
</tr>
<tr>
<td>1</td>
<td>Draft specifications/works and the RFP</td>
<td>Engineer and the Procurement Committee</td>
<td>Understand the specifications and works to be purchased</td>
<td>WOR 2: RFP</td>
</tr>
<tr>
<td>2</td>
<td>Approach the contractors to provide the works</td>
<td>Procurement Officer</td>
<td>The proposal can be obtained by a non-written request or a written RFP</td>
<td>WOR 2: RFP</td>
</tr>
<tr>
<td>3</td>
<td>Issue the contract</td>
<td>Procurement Officer approved by Programme Manager</td>
<td>Use the standard works contract in the RFP</td>
<td>WOR 2: RFP</td>
</tr>
<tr>
<td>4</td>
<td>Administration of works contract and inspection of works</td>
<td>Engineer (or Project Manager)</td>
<td>Inspect works comply with the contract</td>
<td></td>
</tr>
</tbody>
</table>

Before the process is initiated – make sure that
b) all members of the Procurement Committee shall sign the Declaration of impartiality and confidentiality.

* Hire an Engineer – Single Quote

A local engineer should be hired or a project manager with necessary construction experience appointed – this must be BEFORE the start of the procurement procedure, so he can be involved in the preparation of the works contract and the technical specifications, and he can participate in the procedure for the procurement of the works (please refer to the “contract agreement” for engineering services, under Annex SER 6). The administration and supervision of a works contracts can also be entrusted to an employee of the Contracting Authority, in quality of a “Project Manager” – in which case obviously a service contract is not entered into with the employee (in the Works contract with the Contractor, the provisions concerning the “Engineer” are made applicable to the Project Manager – see article 1 of the General
Terms and Conditions). However, it would be very important to establish a specific job description for
the assignment, which would include the main provisions of the "contract agreement" for engineering
services, under Annex SER 6.

**Step 1: Specifications - Single Quote**

Identify the works to be procured from the procurement plan and draft specifications. Understand the
specifications and works to be ordered (See section 2.5). The specifications shall in cooperation with
the project be drafted by the Engineer or architect or other specialist. Determine whether it is
necessary and/or relevant to divide the works into lots (e.g. depending on the capacity of local
construction companies).

At the same time you prepare the technical specifications. Start preparing the works contract. Be
aware that it is a very complex contract. DCA requires that in all DCA funded projects, the standard
contract in the RFP (Annex WOR 2) is used. This standard includes General Terms and Conditions
(GTC) which must never be amended. If derogations and/or specifications are needed for a specific
works contract, use the "contract agreement" to do so (instructions for that purpose are included in
the standard itself). Please consider carefully the LEGAL ISSUES specified in section 3.4.1.

**IMPORTANT**
The latest version of the General Terms & Conditions must be applied to all purchases. If the
contractor cannot accept the General Terms & Conditions, the Procurement Committee shall proceed
with another contractor.

Check if the standard contract has to be adapted to local legislation, local traditions for works
contracts or local requirements, as appropriate – but be very careful when amending the standard
provisions, because you could compromise the balance of the whole contract (there are many cross-
references).

Although the GTC for Works contract provide for two different kinds of contracts, a "global price" (or
lump sum) contract or a "unit-price" contract, the standard dossier for “Request for Proposals” applie
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 — 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.

**Step 2: Proposal - Single Quote**

Approach the contractor for a proposal. Proposals can be obtained by a non-written request to the
supplier or by a written Request for Proposal (RFP).

Although optional, the use of the RFP is, however, strongly recommended, because it allows the
contracting authority to obtain at once, from potential candidates, all information needed and in a way
that permits comparison between several offers. The use of the RFP also ensures that from the
beginning the potential contractor is aware of the exact scope of works and of DCA contractual
conditions, and allows DCA to make sure that the potential contractors comply with the eligibility
requirements of the donor.

If proposals are obtained verbally, remember to make a Note to File with the details of the proposals.

*Take notice of specific donor requirements – such as requirements to rule of nationality.*

**Step 3: Purchase order – Single Quote**

The contract shall be drafted in accordance with the sample presented in annex WOR 2. Short
 guideline on how to complete the contract form is presented in the annex. The draft contract has to be
taken out of the RFP and renamed “Contract
Incorporate in the contract all agreements reached with the selected construction company (e.g., amount of global price, bank account references, etc) and attach all requested annexes.

The Contract shall be signed on behalf of the Contracting Authority by the person authorized in accordance with the authorization guidelines of the programme.

The Contract shall be forwarded to the construction company by fax or e-mail. The construction company shall return the contract by fax with all pages duly signed. Alternatively the construction company can be invited to sign the contract at the Contracting Authority’s office.

**IMPORTANT**

It is the responsibility of the Procurement Committee to ensure “best value for money” and ensure that the purchase price is in accordance with the present market price or lower.

**IMPORTANT**

The latest version of the General Terms & Conditions must be applied to all purchases. If the supplier cannot accept the General Terms & Conditions, the Procurement Committee shall proceed with another supplier.

**Step 5: Administration of the works contract and Inspection of the works – Single Quote**

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) and the determination that the works can be considered "completed" (art 45) cannot be left to someone else than an engineer (or a project manager having adequate qualifications). A well-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.
2.13.2 Negotiated procedure – Civil Works (EUR 10,000 – 299,000)

Negotiated procedure: This method involves collection of at least 3 quotations from different contractors. For contracts above EUR 60,000 advertisement of an Expression of Interest in the local news paper is required.

- The negotiated procedure is more formal than the single quote procedure and requires that minimum 3 contractors are invited simultaneously in writing to submit a proposal. However, the procedure is less formal than an open tender procedure and gives the opportunity to negotiate the terms of the contract.

Civil Works annexes for Negotiated Procedure (EUR 10,000 – 299,999)

| GEN 1-1 | Declaration of impartiality and confidentiality |
| WOR 1 | List of Contractors |
| WOR 2 | Requests for proposal (RFQ) value up to EUR 29,999 |
| WOR 3 | Requests for proposal (RFQ) value above EUR 30,000 |
| WOR 4 | Evaluation Grid and Report |
| WOR 5 | Letter to unsuccessful contractors |
| GEN 1-5 | Award Notice |

The steps involved in this method are presented below.

<table>
<thead>
<tr>
<th>Step No.</th>
<th>What has to be done</th>
<th>Who should do it</th>
<th>Description</th>
<th>See supporting annex</th>
</tr>
</thead>
<tbody>
<tr>
<td>*</td>
<td>Hire the Engineer</td>
<td>Procurement</td>
<td>Unless the project manager has the necessary construction experience and skills an Engineer shall be hired with consideration to the nature of the project.</td>
<td>Use the standard documents for SERVICES and special contract for engineer (Annex SER 6).</td>
</tr>
<tr>
<td>1</td>
<td>Draft specifications/works and the RFP</td>
<td>Engineer and Procurement Committee</td>
<td>Understand the specifications and works to be purchased</td>
<td>WOR 2: RFP (up to EUR 29,999) or WOR 3: RFP (above EUR 30,000)</td>
</tr>
<tr>
<td>2</td>
<td>Make a short list of minimum 4-8 contractors</td>
<td>Procurement Officer approved by Programme Manager</td>
<td>Source potential contractors</td>
<td>WOR 1: List of contractors</td>
</tr>
<tr>
<td>3</td>
<td>Submit the Request for Proposal</td>
<td>Procurement Officer</td>
<td>Submit it simultaneously to all the selected contractors</td>
<td></td>
</tr>
<tr>
<td>4</td>
<td>Evaluation proposals</td>
<td>Procurement Committee</td>
<td>Proceed with evaluation and fill in the evaluation grid</td>
<td>WOR 4: Evaluation grid</td>
</tr>
<tr>
<td>5</td>
<td>Negotiate (optional)</td>
<td>Procurement Committee</td>
<td>There is an option to negotiate some terms. Rules are described further in this chapter</td>
<td></td>
</tr>
<tr>
<td>6</td>
<td>Issue the contract</td>
<td>Procurement Committee</td>
<td>The works contract shall be drafted as per the contract draft in the relevant RFP</td>
<td>WOR 2: RFP or WOR 3: RFP</td>
</tr>
<tr>
<td>7</td>
<td>Notification Letter</td>
<td>Procurement Officer</td>
<td>Unsuccessful contractors shall be notified of the result of the negotiated procedure only</td>
<td>WOR 5: Letter to unsuccessful contractors</td>
</tr>
<tr>
<td>8</td>
<td>Award notice</td>
<td>Procurement Officer</td>
<td>Can be published at the DCA website (optional for contracts below EUR 30,000)</td>
<td>GEN 1-5: Award notice</td>
</tr>
<tr>
<td>9</td>
<td>Administration of works contract and</td>
<td>Engineer (or Project Manager)</td>
<td>Inspect works comply with the contract</td>
<td></td>
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</tbody>
</table>
### Negotiated procedure

<table>
<thead>
<tr>
<th>Step No.</th>
<th>What has to be done</th>
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<td>Unless the project manager has the necessary construction experience and skills an Engineer shall be hired with consideration to the nature of the project.</td>
<td>Use the standard documents for SERVICES and special contract for engineer (Annex SER 6).</td>
</tr>
</tbody>
</table>

Time schedule for Negotiated procedure: see guidance in annex GEN 2-3.

**Before the process is initiated – make sure that**

- **c)** all members of the Procurement Committee shall sign the Declaration of impartiality and confidentiality.

#### * Hire an Engineer - Negotiated procedure

A local engineer should be hired or a project manager with necessary construction experience appointed – this must be BEFORE the start of the procurement procedure, so he can be involved in the preparation of the works contract and the technical specifications, and he can participate in the procedure for the procurement of the works (please refer to the “contract agreement” for engineering services, under Annex SER 6).

Administration and supervision of a works contracts can also be entrusted to an employee of the Contracting Authority, in quality of a “Project Manager” – in which case obviously a service contract is not entered into with the employee (in the Works contract with the Contractor, the provisions concerning the “Engineer” are made applicable to the Project Manager – see article 1 of the General Terms and Conditions). However, it would be very important to establish a specific job description for the assignment, which would include the main provisions of the “contract agreement” for engineering services, under Annex SER 6.

#### Step 1: Specifications and drafting of RFP- Negotiated Procedure

Identify the works to be procured from the procurement plan and draft specifications. Understand the specifications and works to be ordered (See section 2.5). The specifications shall in cooperation with the project be drafted by the Engineer or architect or other specialist. Determine whether it is necessary and/or relevant to divide the works into lots (e.g., depending on the capacity of local construction companies).

At the same time you prepare the technical specifications. Start preparing the RFP which include the contractual terms. Be aware that it is a very complex contract. DCA requires that in all DCA funded projects, the standard contract in Annex WOR 2 or WOR 3 is used. This standard includes General Terms and Conditions which must never be amended. If derogations and/or specifications are needed for a specific works contract, use the “contract agreement” to do so (instructions for that purpose are included in the standard itself). **Please consider carefully the LEGAL ISSUES specified in section 3.4.1.**

#### IMPORTANT

*The latest version of the General Terms & Conditions must be applied to all purchases. If the candidate cannot accept the General Terms & Conditions, the Procurement Committee shall proceed with another candidate.*

Check if the standard contract has to be adapted to local legislation, local traditions for works contracts or local requirements, as appropriate – but be very careful when amending the standard provisions, because you could compromise the balance of the whole contract (there are many cross-references).
Although the GTC (General Terms & Conditions) for works contract provide for two different kinds of contracts, a “global price” (or lump sum) contract or a “unit-price” contract, the standard dossier for “Request for proposals” 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 — 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.

**Step 2: Short list - Negotiated procedure**
Prepare a short list of minimum 3 potential contractors. It is recommended to include 4-6 contractors to ensure that minimum 3 quotations are obtained. The short list shall be prepared by the Procurement Officer in cooperation with the project staff. For sourcing suppliers/contractors see section 2.14.3 “how to source suppliers”.

**Step 3: RFP - Negotiated procedure**
The Request for Proposal shall be forwarded simultaneously (same day) to all the short-listed contractors. This is to ensure that all contractors are been given equally long time to prepare and submit their proposal.

**Recommendation**
To ensure that sufficient proposals will be received on time, it is recommended to contact all short-listed contractors 1-2 days after the RFP has been submitted and ask the contractors if they intend to submit the offer before deadline. In particular when a short deadline is required, it is a good idea to follow up with the contractors and explain to new contractors about the importance of completing the submission form and submitting the proposal prior to deadline.

**Step 4: Evaluation - Negotiated procedure**
Upon receipt of the proposals, register the time of receipt of proposals and fill in Part A of the “evaluation grid and report of the Evaluation Committee” Annex WOR 4). Please note that Companies who have not submitted their proposal before 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 criteria. Instructions on how to attribute scores and weighted scores are included in the “Evaluation Grid and Report” (Annex WOR 4).

A different evaluation method can be chosen, in which case it will have to be clearly described in the RFP.

**Step 5: Negotiations - Negotiated procedure**
The Procurement Committee shall decide if it is necessary to negotiate the terms of the proposals with the Construction Companies who have been determined to be eligible, who have the capacity to execute the contract, and who have submitted proposals determined to be substantially responsive.

Negotiations will not entail any substantial deviation from the terms and conditions of the Request for Proposal, but shall have the purpose of obtaining from the candidates better conditions in terms of technical quality, implementation periods, 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 proposed price, when prices proposed by all candidates exceed the limits of the funds made available to the Contracting Authority by its donor/funding agency.

The negotiations can be done by phone, e-mail or fax or at a meeting (in this case, a written recap shall be filed and copied to the candidate). There are no specific procedures on negotiations except
that the General Principles shall always be respected, i.e. all potential contractors shall be provided with an equal opportunity and the negotiations shall be documented and filed.

If negotiations are done by phone, then the Procurement Committee shall recap the negotiations and submit it to the candidate “with reference to our phone conversation – we can recap our conversation as follows: …….”

**Step 6: Contract - Negotiated procedure**

The Contracting Authority will award the contract to the Consultant 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 Consultant has also been determined to fulfil the eligibility and non-exclusion criteria.

Once the construction company has been selected and the contract awarded by the Procurement Committee, the draft contract has to be taken out of the RFP and renamed “Contract”.

Incorporate in the contract all agreements reached with the selected construction company (e.g. amount of global price, bank account references, etc) and attach all requested annexes.

The Contract shall be signed on behalf of the Contracting Authority by the person authorized in accordance with the authorization guidelines of the programme.

The Contract shall be forwarded to the construction company by fax or e-mail. The construction company shall return the contract by fax with all pages duly signed. Alternatively the construction company can be invited to sign the contract at the Contracting Authority’s office.

**Step 7: Letter to all unsuccessful contractors - Negotiated procedure**

Once the contractor has returned the purchase order duly signed, the Procurement Officer shall submit a Notification Letter to all unsuccessful tenderers informing them of the result of the tender, i.e. name of successful contractor and the total contract amount.

If a Performance guarantee is required, the notification letter shall only be submitted once the Procurement Committee has received an approved Performance guarantee.

**Step 8: Award Notice - Negotiated procedure**

An award notice can be published on the DCA website. This is optional for contracts up to EUR 30,000 and obligatory for contracts above EUR 30,000. However be aware of any specific donor requirements.

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

For Award notice – please forward the award details to DCA Head Office, Procurement & Logistic Division and request them to upload the award notice. The information you should send is: a) Description of product, b) contract value and currency, c) source of funding, d) date of contract, e) contract no. and f) beneficiary country, g) name of contractor.

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

**Step 9: Administration of the works contract and Inspection of the works – Negotiated Procedure**

Administration of a works contract and inspection of the works require a particular expertise in this area: for example, the “measurement” of the works (art 39) and the determination that the works can be considered “completed” (art 45) cannot be left to someone else than an engineer (or a project manager having adequate qualifications). A well-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.
2.14 Suppliers (Suppliers of goods, Contractors and Service providers)

2.14.1 Supplier database and inclusion of local suppliers/consultants/contractors

When preparing RFP or other procurement forms NOT involving open advertising, the short list of suppliers should preferably be taken from the supplier database available locally or from DCA Head Office.

Care must be taken to rotate suppliers from the database to ensure, over time, equal opportunities for all relevant suppliers in the database.

Local suppliers/contractors/consultants of good reputation shall be added to the short list provided the local supplier is able to meet the same ineligibility and selection criteria as the suppliers taken from the supplier database (please refer to DCA General Terms & Conditions for the article "ineligibility").

It is recommended that at the beginning of a year or a project the Procurement Committee/Procurement Officer advertises an Expression of Interest and/or General advertisement (annex GEN 1-2) and invites suppliers of relevant products to be pre-qualified and registered in the supplier database. The supplier registration form in annex GEN 1-3 should be applied.

2.14.2 Pre-qualification of suppliers

In particular for suppliers of medical devices, it is recommended that at the beginning of the year or a project period the Procurement Committee/procurement officer advertises an Expression of Interest and invites suppliers of relevant products to be pre-qualified and registered in the supplier database.

Requirements for suppliers of medical devices are described in section 2.8.2.

2.14.3 Tips on how to source suppliers/consultants/Contractors

The following gives sample on methods to source local suppliers/consultants/contractors.

Example of sourcing methods:
  i) Advertisement
  j) Internet
  k) Local Chamber of Commerce
  l) Trade organisation
  m) Embassy/representative
  n) References from other locally based organisations/companies
  o) Local phone book (yellow pages)
  p) Trade fairs/exhibitions

  (i) Advertisement
A General Advertisement can be made in the local newspaper. A note on a board in front of the office and/or at the local market or other public places can be made. (See annex GEN 1-2 sample of General Advertisement)

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

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

  (l) Trade organisation
Search the market for local trade organisations. Contact the embassy or representative; they will most likely have some useful information on trade organisations.

(m) Embassy/representative
Contact the local embassy or representative for a list of local suppliers; the embassy will likely charge you a fee. If you contact the local countries’ own embassy in for instance Denmark, they will provide you the information free of charge, as they want to promote their local suppliers/business.

(n) References from other local based organisations/companies
Talk to other organisations and other local/international companies and learn more about where they are buying their supplies, services and works.

(o) Phone book
Look at the local yellow pages.

(p) Trade fairs/exhibitions
Look at the relevant trade fairs, for example for medical items www.medica.de. Search on the internet for relevant trade fairs/exhibition.
2.15 **Procurement monitoring & documentation**

The Procurement Committee must keep procurement documents in proper order. Procurement files shall be kept for at least 5 years (7 years for projects funded by the European Union).

### Special rule applicable for HMA programmes

DCA HMA programmes shall make an annual electronic back-up of procurement documentation and keep this with the programme while the original shall be sent to DCA Head Office as soon as the procurement case has closed.

#### 2.15.1 How to keep the Procurement files

##### General Procurement file

For all procurement (Supply, Services and Civil works), reference to a procurement plan shall be made and a general procurement file shall be made with

- Application and budget
- Procurement plan and updates
- Distribution plan (if necessary)
- Declaration of impartiality and confidentiality
- General Advertisement (see annex GEN 1-2).
- Correspondence with donor on procurement related issues

##### Single quote:

- Procurement request
- Quotations
- Purchase order
- Invoice/receipt
  
  *(If the supplier is unable to produce a receipt then DCA/Partner may draft a receipt on behalf of the supplier or seller stating description, quantity and price and obtain seller’s signature and/or thumb impression as an unofficial receipt.)*

- (for supplies only) Shipping documents (if the supplies are sent by a forwarder). In case the local forwarder is unable to provide a waybill, you must issue a Delivery Note which shall be signed by the carrier – see annex GEN 3-5)
- (for supplies only) Proof of receipt/delivery note (if Supplies are sent by a forwarder)

##### Negotiated procedure

- Short list of the suppliers/consultants/contractors
- RFP or RFQ (Request for Proposal or Request for Quotation) - proof that you have invited minimum 3 suppliers simultaneously, such as print of e-mails, fax or receipts if hand delivered
- Copy of proposal from all suppliers – if some suppliers/consultants have declined, the reason shall be noted in the file
- Evaluation grid
- Letter to unsuccessful tenderers
- Purchase order
- (for supplies only) Shipping documents incl. invoice, packing list, waybill/BL/AWB
- (for supplies only) Proof of receipt/inspection/delivery note (if collected by own vehicle a note shall be made in the file)
- Expression of interest, if above EUR 60,000
Open Tenders and Restricted Tenders
Due to the amount of documentation for Open Tenders we recommend that the procurement file will be divided into two or three (unless it is a very small procurement, which can be filled in one file)

A. The **Master file** will typically have the following content
1. Tender dossier
2. Proof of advertisement (copy from the newspaper and the other sources)
3. (Documentation for pre-qualification round incl. evaluation report and short list, if restricted method is used)
4. Record of receipt of tenders
5. Minutes from tender opening
6. Evaluation report
7. Letter of Award
8. Letter to unsuccessful tenderers
9. Award notice (if published on DCA website)

The tenders received and the winning tender, may be filed in the Master file if space is available. Otherwise the tenders will be filed separately.

B. The **Suppliers file I** will typically have the following content
1. Letter of award (original).
2. Contract or purchase order and the winning tender
3. Copy of Performance guarantee (if applicable)
4. Copy of Advance pre-financing guarantee (if applicable)
5. Payment documents
6. Correspondence

C. The **Suppliers file II** (only applicable for supply contracts) will typically have the following content
- Copies of the shipping documents
- Supplies received Notes
- Insurance claims (if any)
- Customs declaration
- Copy of acceptance certificate (if required)
- Additional correspondence

The files shall be adjusted to include specific documentation as required in the tender and contract conditions.

2.15.2 Good administration and monitoring of contracts (Supply/services/civil works)
The execution of the contracts by the supplier/consultant/contractor will require some monitoring and administration by the Contracting Authority. Some specific actions are required from the Contracting Authority which has a legal effect on its rights, e.g. the issuance of acceptance certificates, from which warranty or liability periods start running. We therefore recommend that you read carefully the contract conditions and establish a plan of actions to be taken during the life of the contract.

The standard contractual documents of this manual contain provisions which take into consideration specific risks and difficulties inherent to the kind of operations DCA undertakes around the world and, in particular, give the Contracting Authority some contractual means of ordering variations, suspending the execution of the contract or terminating it in case of unexpected circumstances. These rights establish a quite favourable regime for the Contracting Authority, and it is therefore important that the Contracting Authority exercises them with care and reasonableness, in particular by sending in due time the appropriate written notices.

Legal assistance can be obtained from DCA Procurement & Logistic Division for the drafting of certificates, notices and other contractual documents.
2.15.3 Monitoring of supply contracts

It is recommended that the procurement officer issues a work plan/plan of action and a monitoring form. A work plan and monitoring form is in particular important for open and restricted tenders. See annex GEN 2-5: sample of work plan for local open tender and annex GEN 2-6: Procurement monitoring form (supplies).

2.15.4 Monitoring of service contracts

Based on the contract conditions, establish a plan of actions to be taken during the life of the contract.

2.15.5 Monitoring of civil works contracts

Based on the contract conditions, establish a plan of actions to be taken during the life of the contract.
3. LEGAL ASPECTS

3.1 Legal issues common to supply/service and civil work contracts

3.1.1 Structure of contractual documents

The standard documents annexed to this manual are organised in such a way that for the three types of contracts there are the necessary documents to carry out the Procurement procedures (invitations, instructions, evaluation grids, requests for quotation/proposal…) together with the documents which will become part of the “contract” once the supplier/consultant/contractor has been selected.

The different types of contracts will be constituted of a series of documents – contract agreement (including special conditions), general terms and conditions, terms of reference/technical specifications and other possible annexes – which you have to list carefully in the clause “Order of Precedence of Contract Documents” in the contract agreement. When doing so, you generally list documents in the order from more specific to more general (so in case of later dispute about interpretation of contradicting provisions, the most specific obligation takes precedence over the general one). Consider whether it is necessary to include some of the tender documents, i.e. the tender submission or proposals.

Only the draft contract and different respective annexes are supposed to be amended and filled in. The text of the General Terms and Conditions (GTC) must never be amended. However, that does not mean that there cannot be derogation to some of their provisions. The GTC contain a list of rights and obligations which will always apply in contracts passed by DCA/Partners, unless it is specifically indicated otherwise in more specific documents (Contract agreement including special conditions, specifications or other specific annexes).

3.1.2 Validity period of the tender/offer

Be especially aware that when replying to an invitation to tender, a request for quotation (supplies) or a request for proposals (services and works), the invited company binds itself for the duration of the “validity period” (which runs from the date of submission of its offer, and the duration of which you will have to choose carefully), and is therefore legally obliged to enter the contract with you, under the conditions of its tender/offer/quotation, in case you decide to award the contract to it. In circumstances where you foresee that a given procurement procedure is going to be particularly burdensome and you do not want to take the risk that an invited company, in spite of this legal obligation, withdraws its offer or refuses to enter into the contract, you should retain the option for a “tender guarantee” when preparing the tender documents (see 3.1.3).

If you see that the evaluation process or the negotiations (in case of quotation or negotiated procedures) are taking more time than expected and that you will not be able to award/sign the contract before the expiry of the validity period, request the invited companies to confirm to you in writing that they grant you an extension of the validity of their tender/offer until a date to be specified.

3.1.3 Tender Guarantee, Performance Guarantee and Pre-financing Guarantee

Common issues

Each set of documents provides you with the possibility of choosing to request from the invited suppliers/consultants/construction companies some financial guarantees: performance guarantee and/or advance payment guarantee and tender guarantee (the latter only for open tenders). 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), taking the commitment towards the Contracting Authority that if the supplier/consultant/construction company 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 this kind of guarantees, and we have therefore given the option of requesting such guarantees in the form of a bank guarantee, banker’s draft,
certified cheque or irrevocable letter of credit – 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 to do so, without you having to engage in a legal process). Therefore, if you get a guarantee in a form other than our standard “Performance Guarantee” form, make sure, possibly with a local lawyer or your bank Trade Finance Department, that you are properly covered legally.

Local practices and costs should guide your decision as to whether such guarantees shall be required or may reasonably be obtained from tenderers/contractors, i.e. it is common that the suppliers withdraw/change their offer in the validity period due to changes in the market price/availability, and in these cases guarantees should be considered. Are the local banks issuing 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. We therefore recommend 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, and that the safe keeping of the guarantee document is secured (making a reference in the procurement file, but keeping them in a safe).

Advantages with guarantees
When applying guarantees the Contracting Authority reduces the risk of suppliers withdrawing their offers in the validity period (tender guarantees), and that the supplier is committed to deliver the correct supplies/services/civil works at the agreed time (performance bond).

When applying a tender guarantee the suppliers will put greater effort to make the offers and it will reduce the participation of unreliable suppliers.

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

IMPORTANT
All guarantees/bonds/securities must be payable to DCA or Partner “on first demand” in order to secure that funds are available without DCA 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 in doubt about the credibility of the bank who has issued the guarantee – request the organisation’s own bank to confirm the guarantee. By doing this the organisation’s bank vouch for the guarantee.

Tender guarantee
Tender guarantees assure compensation to DCA/partners for the time and money lost if the successful tenderer withdraws his tender or fails to enter into the contract. We recommend that such a guarantee is requested for open tenders, or when the amount of the contract together with local circumstances makes it relevant (e.g. high volatility of prices). Tender guarantees are generally of between 1 and 2 per cent of the total tender price. The tender guarantee should be released upon the end of the validity period, or the receipt by you from the successful tenderer of the signed contract and the performance guarantee (if required), whichever date is the earliest. Therefore, if you request an extension of the validity period, make sure that the tender guarantee is also extended.

Performance guarantee
The performance guarantee covers broadly all obligations of the contractor (proper performance of the contract) and is generally of an amount of 10 per cent of the contract value. We recommend that such a
guarantee is requested for all contracts above EUR 50,000. It can also be requested for contracts of an inferior value, depending on the context of the contract, when risk of non-performance appears high. Where there has been no default of the contractor, the performance guarantee should be released

- 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 in purchase order
- for a service contract, upon issuance by the Contracting Authority of the “final completion certificate”
- for a works contract, upon issuance by the Contracting Authority of the “certificate of final completion”

**Advance payment guarantee (or “pre-financing” guarantee)**
This type of guarantee ensures that the Contracting Authority can recover the amount of any advance payment made to a contractor, in the event that the contractor is in breach of the contract before delivering the supplies/performing the services/executing the works covered by the advance payment. We recommend that such a guarantee is requested when the contract provides for a substantial advance payment and local circumstances might create uncertainties as to future performance of the contract. It should be for the full value of the advance payment.

We have provided in the standard “advance payment guarantee” that it will expire upon issue of the “acceptance certificate” (supplies), “completion certificate” (services), and “final certificate of completion” (works). However, where the contract can be executed in successive deliveries/parts, you could accept to limit such duration so the guarantee expires when the contractor has supplied/perform the part of the contract corresponding to the value of the advance payment guarantee.

### 3.1.4 Applicable law

The question of applicable law in international contracts raises some of the most complex legal issues, which this manual and the standard 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/construction 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 DCA projects, we cannot ensure that all provisions of our 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, we expect nevertheless 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 General Terms and Conditions 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 (DCA office or DCA Partner organisation). However, it might be adequate to derogate to this clause and choose another applicable law depending on the circumstances of a given contract/project.

It might generally 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 supplier/consultant/contractor established in another country, it can be better to designate a foreign law.

In case of a high-value, complex construction contract, we would strongly recommend that a legal opinion is taken before choosing the applicable law (see section 3.4 below).

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8 British law frequently is designated as the applicable law for construction contracts in South Asian countries. Whereas such countries have generally 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.
3.1.5 Settlement of disputes

This issue is closely connected to the question of applicable law, since it will be important 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). Our GTC therefore provide that the courts of the country of establishment of the Contracting Authority are competent and that procedural law of that country is applicable to such litigation (for works contract, see section 3.4 below). Ensure consistency between the applicable law/settlement of disputes provisions, if you consider derogating to the GTC.

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 this case, and if the contract in question is however closely connected to that country (local contractor, local execution), you should investigate 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, you can also consider providing for a settlement through international arbitration (e.g. for works contracts, see XX below).

In choosing courts of a country different from the country of establishment of the contractor, you must also consider that even if you could obtain a judgment in that first country, then you would have to attempt to enforce it against the contractor in his country of establishment (or where he has some assets). But the ability to enforce a judgment from one country in another country depends on whether there is a treaty between the two countries that provides for enforcement of such judgments or on the willingness of local courts to enforce foreign judgments. Often, such judgments are not warmly received. For example, foreign judgments obtained outside Indonesia are never enforceable in Indonesia.

Despite the high complexity of these legal issues, keep in mind that in DCA related projects, we rely firstly on amicable/diplomatic settlement of disputes and it is highly improbable that we will undertake a costly international litigation in case of breach of contract.

3.1.6 In case of a dispute with a supplier/service provider or contractor

If problems and disputes arise with a supplier/service provider or contractor, assistance from DCA Procurement & Logistic Division, Head office can be requested. Please address such issues to procurement@dca.dk.

3.1.7 Audits

All donor funded projects are subject to immediate audit in case the donor so desires. It is therefore important to keep the procurement files up-to-date at any given time.

The standard terms and conditions of the three types of contract 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. If you want to make the audit a condition of the contract, you can add a special clause in the purchase order/the contract to that effect.

3.2 Supply contracts

3.2.1 Warranty obligations of the Seller

The standard General Terms and Conditions of this manual establish warranty obligations of the seller which are significantly more extended than what a seller is generally including in his own general terms and conditions, and which could be contrary to local customs. If you get the impression that that could be a hindrance to obtain tenders/quotations, consider limiting these provisions in the purchase order (e.g. in common law systems “Incidental damages” are excluded from seller’s liability). You can also amend the duration of the warranty period (1 year in the GTC), for example if required by the applicable law which provides for a longer period.
Beside these warranty obligations, which are contractual, the seller is generally subject to legal “product liability” (for hidden defects) in the countries where his products are sold. This product liability is governed by mandatory provisions, generally protecting the consumer or third party – and is therefore not considered in these GTC.

3.3 Service Contracts

3.3.1 Service contract versus employment contract

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 (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 “atypical employment”, including part-time work and fixed-term contracts.

But 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 such a rigid labour law, Contracting Authorities shall be very careful never to hire a consultant under a contract which could be qualified by a local court as an employment contract – the risk being of 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 conditions for Service Contracts included in this manual exclude clearly any link of subordination between the Contracting Authority and the consultant (article 1), and place a clear responsibility on the consultant in respect of the outcomes of his services.

3.4 Civil work contracts

3.4.1 Specific legal risks and necessary precautions

Construction can involve particularly high legal risks, because of the following factors:

- 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 around building permits and authorisations
- and, in particular, uncertainty about the legal status of the lands where buildings are to be constructed

When considering a construction project, the following precautions are therefore recommended:

1. Construction projects should only be undertaken in collaboration with partners with an established record and expertise in construction.

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9 E.g., Oxfam Tsunami report citing “continuing lack of clarity over land rights” as a main factor in the slowness of reconstruction efforts.
2. A **local engineer** should be hired or project manager with necessary construction experience appointed – this **BEFORE** the start of the procurement procedure, so he can be involved in the preparation of the works contract and the technical specifications, and he can participate in the procedure for the procurement of the works (please refer to the “contract agreement” for engineering services, under Annex SER 4-1).

3. International **technical assistance** should be obtained when local capacity is lacking, e.g. obtain an opinion from an international engineer on the necessary technical specifications of the works.

4. A **legal opinion** from a reputable law firm in the country where the works are to be constructed should be obtained at the project feasibility stage, to ensure that:

   - all necessary **authorisations and building permits** can be obtained on time and without major uncertainties
   - there is **valid and official title to the land** in the name of the legal person/authority who is involved in the project and willing to put its land at disposal of the works/or who is recipient of the works (e.g. municipal authority) – ensure necessary official approvals have been given and there are appropriate legally binding commitments from the owner of the land (article 6 of the Works Contract Agreement)
   - mandatory **applicable laws and regulations in the country of execution** are known in advance and incorporated in the conditions of contract (article 14 of Instructions) (see 3.4.4 below on applicable law and settlement of disputes)
   - the legal length of the **defects liability period** is established (article 47 of GTC and Contract)
   - appropriate insurance coverage is provided for in the proposed contract and legally enforceable in the country of execution

5. An **insurance company** should 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 of Contract Agreement will have to be amended accordingly.

### 3.4.2 Complexity of contractual provisions and administration of the works contract

Because of the inherent risks of construction activities, a works contract is necessarily a “heavy”, complicated contract, which strives at distributing 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 a particular expertise in this area and cannot be left to someone else than an engineer or a project manager having adequate qualifications (for example, the “measurement” of the works (art 39) and the determination that the works can be considered “completed” (art 45)). A well-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 into the proper service contract with an engineer for that purpose is therefore also crucial. (See SER 6).

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 contract provide for two different kinds of contracts, a “**global price**” (or lump sum) contract or a “**fee-based**” contract, the standard dossier for “Request for proposals” 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 — usually construction of buildings, pipe laying, power transmission towers, and water transmission towers.

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10 In case the Contracting Authority should consider a fee-based contract instead, please contact ProLog for standard provisions.
and series of small structures, such as shelters, latrines, ablution units... which are the most commonly constructed buildings under DCA projects.

Legal assistance can be obtained at Procurement & Logistic Division about tendering procedures and drafting of works contracts.

3.4.3 Applicable law and settlement of disputes

The issues mentioned in 3.1.5 and 3.1.6 above are of particular importance and relevance in the context of a works contract. An international construction contract based on DCA GTC for Works Contract ought not be put for tender unless and until all issues critical to land rights and the allocation of risks have been assessed by a local lawyer, both under the conditions and the law of the country of execution of the works and the applicable law - if different. In the area of construction, many mandatory rules are likely to override the contractual provisions. 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 agreement, 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 must 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. You may consult DCA Procurement & Logistic Division on these options.
4. TRANSPORTATION OF GOODS

This section has been developed to assist the procurement officer with the most common terms and definitions in respect to transport of goods and definitions, which are used in the RFQ, tender dossier and supply contracts.

This section describes;

- Consideration before deciding on mode of transport
- Mode of transport and documents
- How to calculate weight and volume
- The most commonly used Incoterms – which are necessary to understand when issuing a RFQ, tender dossier and supply contracts.
- Booking freight with a forwarder
- Receiving supplies and handling claims

4.1 Consideration before deciding on mode of transport

1. Type of goods:
Some goods require a short transport time due to limited shelf life, some need a refrigerated transport as temperature sensitive (a refrigerated transport can both be - / + degrees). Some goods may be classified as dangerous goods and special rules apply.

2. Different types of transport:
As described above the type of goods may limit the options you have when deciding on the mode of transport. If the goods do not limit the options, consider the transport time for each mode of transport and calculate the costs for the different types of transport. Also consider the route of the shipment — some sea ports are often congested and the goods may be delayed for several weeks. Goods often need to transit other countries before reaching the destination. Be aware of delays at transit points and be aware of the documentation required at the transit points.

3. Pre-shipment inspections:
In some countries (many African countries) the government requires that all goods have been inspected by an international inspections company prior to shipment.

4. Transport Insurance
In case the transport is not covered by the DCA or implementing partner transport insurance agreement – it is recommended that an offer for transport insurance is collected from both the insurance company and the forwarder.

5. Clearing agent in receiving country
Before you book a transport ALWAYS check the following with a local import clearing agent:

1) documents required to custom clear the specific product (no. of copies and originals) (type of documents that can be required is: Bill of Lading or Air Way Bill, Invoice, Packing list, embargo papers, certificate of origin, GMO-certificate, IMCO documents, import license etc.)
2) time required to clear the goods
3) time to obtain import license (and documents required for this purpose)
4) Price from the agent for his service

Before goods are shipped to a specific country it is very important that you have ensured that all necessary documents are in order and that you have obtained an import licence if required.
4.2 Type of transport and documents

<table>
<thead>
<tr>
<th>Type of transport</th>
<th>Shipping document issued by carrier</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sea freight</td>
<td>Bill of Lading (B/L)</td>
</tr>
<tr>
<td>Air freight</td>
<td>Air Way bill (AWB)</td>
</tr>
<tr>
<td>Road transport</td>
<td>CMR freight letter</td>
</tr>
<tr>
<td>Railway</td>
<td>Waybill</td>
</tr>
<tr>
<td>Combined transport</td>
<td>Combined bill of Lading</td>
</tr>
</tbody>
</table>

**Bill of Lading:**

Bills of lading are contracts between the owner of the goods and the carrier. There are two types. A straight bill of lading is nonnegotiable. A negotiable or shipper’s order bill of lading can be bought, sold, or traded while goods are in transit and is used for many types of financing transactions. The customer needs the original as proof of ownership to take possession of the goods.

A person in possession of an original Bill of Lading can claim the goods – it is therefore important that all originals are kept in a safe place.

**Air Way Bill**

An AWB is a bill of lading which covers both domestic and international flights transporting goods to a specified destination. Technically, it is a non-negotiable instrument of air transport which serves as a receipt for the shipper, indicating that the carrier has accepted the goods listed therein and obligates itself to carry the consignment to the airport of destination according to specified conditions. Normally AWB refers to the Air Waybill issued by carrying airlines and also called Master Air Waybill (MAWB) which comes with three digits of numeric airline identification codes issued by IATA to non-U.S. based airlines. Air Transport Association of America to U.S. based airlines. However, air freight forwarders also issue HAWB (House Air Waybill) to their customers for each of the shipments.

**Railway bill**

Freight document that indicates goods have been received for shipment by rail. A duplicate is given to the shipper as a receipt for acceptance of the goods. (DCA mainly used the railway in connection with combined transport, in which case the freight document will be a Combined bill of Lading)

**CMR**

CMR is short for “Convention for the transportation contract for international road freight”. The CMR freight letter is used for international road transport.

**Combined Bill of Lading:**

It is carriage of goods by at least two different modes of transport, from a place at which the goods are taken in charge to a place designated for delivery.
It can be a combination of road, rail, inland waterway, sea or air. In this respect, only one bill of lading is issued to cover the whole journey which is called ‘Combined Bill of Lading’.

4.3 How to calculate weight and volume

Depending on the mode of transport, the weight is calculated on the following basis:

<table>
<thead>
<tr>
<th>Mode of Transport</th>
<th>CBM</th>
<th>KGS</th>
</tr>
</thead>
<tbody>
<tr>
<td>Airfreight</td>
<td>1</td>
<td>167</td>
</tr>
<tr>
<td>Sea Freight</td>
<td>1</td>
<td>1000</td>
</tr>
<tr>
<td>International road transport</td>
<td>1</td>
<td>333</td>
</tr>
<tr>
<td>Domestic transport</td>
<td>1</td>
<td>300</td>
</tr>
<tr>
<td>Railway</td>
<td>1</td>
<td>Normally 300, but depending on the country of operation</td>
</tr>
</tbody>
</table>

Example:
If you have 5 parcels with the following dimensions: Length 70cm x height 60cm x width 50 cm = 0,21 cbm per parcel. Total CBM for 5 parcels is 0,21 x 5 = 1,05 CBM

a. The actual unit weight of each parcel is 5 kg, total weight is 5 x 5kg = 25kg.
b. To identify the shipping weight for airfreight – you must multiply the total volume with 167 (as per the above table). In this case the shipping weight is 1,05 CBM x 167 = 175,35 kg. Consequently the payable weight is 175,35 kg and the actual weight is only 25 kg. It is always the highest weight that is the payable weight.

4.4 INCOTERMS (2000)

INCOTERMS are standard trade definitions most commonly used in international sales contracts. Devised and published by the International Chamber of Commerce.


The following are the most common Incoterms used in DCA supply contracts:

<table>
<thead>
<tr>
<th>Term</th>
<th>Definition and description</th>
</tr>
</thead>
<tbody>
<tr>
<td>EX Works (EXW)</td>
<td>The seller delivers when he places the goods at the disposal of the buyer at the seller’s premises or another named place (i.e. works, factory, warehouse, etc.) not cleared for export and not loaded on any collecting vehicle. 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. However, if the parties wish 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 should be made clear by adding explicit wording to this effect in the contract of sale. This term should not be used when the buyer cannot carry out the export formalities directly or indirectly. In such circumstances, the FCA term should be used, provided the seller agrees that he will load at his cost and risk.</td>
</tr>
<tr>
<td>Free Carrier (FCA)</td>
<td>The seller delivers the goods, cleared for export, to the carrier nominated by the buyer at the named place. It should 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. If delivery occurs at any other place, the seller is not responsible for unloading. This term may be used for all modes of transport. “Carrier” means 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. If the buyer nominates a person other than a carrier to receive the goods, the seller is deemed to have fulfilled his obligation to deliver the goods when they are delivered to that person.</td>
</tr>
</tbody>
</table>
| Free on board (FOB)   | The seller delivers when the goods pass the ship’s rail at the named port of shipment. This means that the buyer has to bear all costs and risks of loss of or
### Transportation of goods

<table>
<thead>
<tr>
<th>Term</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Damage to the goods from that point. The FOB term requires the seller to clear the goods for export. This term can only be used for sea or inland waterway transport.</strong> If the parties do not intend to deliver the goods across the ship’s rail, the FCA term should be used.</td>
<td></td>
</tr>
<tr>
<td><strong>Cost and freight (CFR)</strong></td>
<td>The seller delivers when the goods pass the ship’s rail in the port of shipment. The seller must pay the costs and freight necessary to bring the goods to the named port of destination but the risk of loss of or damage to the goods, as well as any other costs due to events occurring after the time of delivery, are transferred from the seller to the buyer. The CFR term requires the seller to clear the goods for export. This term can only be used for sea or inland waterway transport. If the parties do not intend to deliver the goods across the ship’s rail, the CPT term should be used.</td>
</tr>
<tr>
<td><strong>Cost, insurance and freight (CIF)</strong></td>
<td>The seller delivers when the goods pass the ship’s rail in the port of shipment. The seller must pay the costs and freight necessary to bring the goods to the named port of destination but the risk of loss of or damage to the goods, as well as any other costs due to events occurring after the time of delivery, are transferred 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 should note that under the CIF term the seller is required to obtain insurance only on minimum cover. Should the buyer wish to have the protection of greater cover, he would either need to agree as much expressly with the seller or to make his own extra insurance arrangements. The CFR term requires the seller to clear the goods for export. This term can only be used for sea or inland waterway transport. If the parties do not intend to deliver the goods across the ship’s rail, the CPT term should be used.</td>
</tr>
<tr>
<td><strong>Carriage paid to (CPT)</strong></td>
<td>The seller delivers the goods to the carrier nominated by him but the seller must in addition pay the cost of carriage necessary to bring the goods to the named destination. This means that the buyer bears all risks and any other costs occurring after the goods have been so delivered. &quot;Carrier&quot; means 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. 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 CPT term requires the seller to clear the goods for export. This term may be used for all modes of transport.</td>
</tr>
<tr>
<td><strong>Carriage and insurance paid to (CIP)</strong></td>
<td>The seller delivers the goods to the carrier nominated by him, but the seller must in addition pay the cost of carriage necessary to bring the goods to the named destination. This means that the buyer bears all risks and any other costs occurring after the goods have been so delivered. However, in CIP 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 should note that under the CIP term the seller is required to obtain insurance only on minimum cover. Should the buyer wish to have the protection of greater cover, he would either need to agree as much expressly with the seller or to make his own extra insurance arrangements. &quot;Carrier&quot; means 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. 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. This term may be used for all modes of transport.</td>
</tr>
<tr>
<td><strong>Delivery duty unpaid (DDU)</strong></td>
<td>The seller delivers the goods to the buyer, not cleared for import, and not unloaded from any 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 thereto, other than, where applicable, any “duty” (which term includes the responsibility for and the risks of the carrying out of customs formalities, and the payment of formalities, customs duties, taxes, and other charges) for import in the</td>
</tr>
</tbody>
</table>
Transportation of goods

country of destination. Such “duty” has to be borne by the buyer as well as any costs and risks caused by his failure to clear the goods for import in time. However, if the parties wish the seller to carry out customs formalities and bear the costs and risks resulting there from, as well as some of the costs payable upon import of the goods, this should be made clear by adding explicit wording to this effect in the contract of sale. This term may be used for all modes of transport, but when delivery is to take place in the port of destination on board the vessel or on the quay (wharf), the DES or DEQ terms should be used.

Delivery duty paid (DDP)

The seller delivers the goods to the buyer, cleared for import, and not unloaded from any 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 thereto including, where applicable, any “duty” (which term includes the responsibility for and the risks of the carrying out of customs formalities, and the payment of formalities, customs duties, taxes, and other charges) for import in the country of destination. While the EXW term represents the minimum obligation for the seller, DDP represents the maximum obligation for the seller. This term should not be used if the seller is unable directly or indirectly to obtain the import license. 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 should 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 DDU term should be used. This term may be used for all modes of transport, but when delivery is to take place in the port of destination on board the vessel or on the quay (wharf), the DES or DEQ terms should be used. (see glossary for definition)

When applying Incoterms ALWAYS remember to write the final destination as precise as possible i.e. named place of destination.

4.5 Booking a transport with a forwarder

DCA ProLog has developed two templates for booking transport with a forwarder:

1. Booking of Airfreight
2. Booking of sea freight

These templates can also be applied as a check list when collecting offers from forwarders.

4.6 Receiving Supplies & Claims

<table>
<thead>
<tr>
<th>Step 1</th>
<th>Step 2</th>
<th>Step 3</th>
<th>Step 4</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sign forwarders receipt only clean receipt if you can see no visible damage/shortage.</td>
<td>Unpack and Inspect the Supplies within 48 hrs after receipt</td>
<td>Return receipt to DCA HQ (if imported)</td>
<td>In case of damage or shortage. Make a claim to the forwarder (latest 5 days after receipt)</td>
</tr>
</tbody>
</table>

4.6.1 Forwarders receipt (step 1)

Upon receipt of supplies from a forwarder, check that the packages are not wet or damaged. If the packing is wet or damaged or bend, it is important that you make a note on the receipt. Write “Received damaged perhaps shortage.

4.6.2 Inspection (step 2)

Within 48 hours after receipt of Supplies at final destination the Procurement Officer/Assistant shall inspect and certify that the supplies are in acceptable condition. If the Procurement Officer/Assistant lacks the expertise to make an inspection, he/she shall consult with a Technical Advisor for assistance. Payment shall
only be authorised to a supplier after inspection is completed and supplies found to be in order. If any of the goods are damaged, proceed as described in step 4.

4.6.3 **DCA receipt for imported Supplies (step 3)**
After inspection of the Supplies the Logistics Officer shall sign the DCA receipt and return it to DCA Head Office, Procurement & Logistic Division.

4.6.4 **Damaged Supplies (step 4)**
In case of damaged supplies or shortage, a claim shall be made to the forwarder and the insurance company within 5 (five) days. For DCA insured goods it is IMPORTANT that the damage report is forwarded to DCA Procurement & Logistics Department ASAP. This report shall include a copy of the receipt/delivery note signed, 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 damaged supplies.
### 5. ABBREVIATIONS

<table>
<thead>
<tr>
<th>Abbreviation</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>AWB</td>
<td>Air way bill</td>
</tr>
<tr>
<td>B/L</td>
<td>Bill of Lading</td>
</tr>
<tr>
<td>CFR</td>
<td>Cost and freight</td>
</tr>
<tr>
<td>CIF</td>
<td>Cost, insurance and freight</td>
</tr>
<tr>
<td>CIP</td>
<td>Carriage and insurance paid to</td>
</tr>
<tr>
<td>CMR</td>
<td>Convention for the transportation contract for international road freight</td>
</tr>
<tr>
<td>CPT</td>
<td>Carriage paid to</td>
</tr>
<tr>
<td>DCA</td>
<td>DanChurchAid</td>
</tr>
<tr>
<td>DDP</td>
<td>Delivery duty paid</td>
</tr>
<tr>
<td>DDU</td>
<td>Delivery duty unpaid</td>
</tr>
<tr>
<td>ECHO</td>
<td>European Commission Humanitarian Aid Office</td>
</tr>
<tr>
<td>ETA</td>
<td>Expected time of arrival</td>
</tr>
<tr>
<td>ETS</td>
<td>Expected time of shipment</td>
</tr>
<tr>
<td>EXW</td>
<td>EX Works (Incoterm)</td>
</tr>
<tr>
<td>FCA</td>
<td>Free Carrier</td>
</tr>
<tr>
<td>FOB</td>
<td>Free on board</td>
</tr>
<tr>
<td>HAWB</td>
<td>House air way bill</td>
</tr>
<tr>
<td>HMA</td>
<td>Humanitarian Mine Action</td>
</tr>
<tr>
<td>HPC</td>
<td>Humanitarian procurement centre</td>
</tr>
<tr>
<td>ITT</td>
<td>Invitation to Tender</td>
</tr>
<tr>
<td>MRE</td>
<td>Mine Risk Education</td>
</tr>
<tr>
<td>NGO</td>
<td>Non Governmental Organisation</td>
</tr>
<tr>
<td>RFP</td>
<td>Request for Proposal</td>
</tr>
<tr>
<td>RFQ</td>
<td>Request for Quotation</td>
</tr>
<tr>
<td>TOR</td>
<td>Terms of reference</td>
</tr>
</tbody>
</table>
## 6. GLOSSARY

<table>
<thead>
<tr>
<th>Term</th>
<th>Definition and description</th>
</tr>
</thead>
<tbody>
<tr>
<td>ACP countries</td>
<td>The <strong>ACP States</strong> are the countries that are signatories of the Lomé Convention &quot;ACP&quot; stands for &quot;Africa, Caribbean, and Pacific.&quot; The member countries are listed in annex GEN 1-4.</td>
</tr>
<tr>
<td>Tender</td>
<td>The offer made by the tenderer in responds to a tender</td>
</tr>
<tr>
<td>Tenderer</td>
<td>The supplier of goods and/or services and/or civil works, who submits a tender.</td>
</tr>
<tr>
<td>Coercive practice</td>
<td>Coercive practice is impairing or harming, or threatening to impair or harm, directly or indirectly, any participant in the tender process to influence improperly its activities.</td>
</tr>
<tr>
<td>Collusive practice</td>
<td>Collusive practice is an undisclosed arrangement between two or more tenderers or candidates designed to artificially alter the results of the tender procedure to obtain a financial or other benefit;</td>
</tr>
<tr>
<td>Contract</td>
<td>A legally binding document between a buyer (DCA) and a seller of goods and/or services and/or civil works.</td>
</tr>
<tr>
<td>Corrupt practice</td>
<td>Corrupt practice is defined as is the offering, giving, receiving or soliciting, directly or indirectly, of anything of value to influence improperly the activities of the Contracting Authority;</td>
</tr>
<tr>
<td>Country of Origin</td>
<td><strong>Origin</strong> means the place where the Supplies are mined, grown or produced or the place from which the related services are supplied. Supplies are produced when, through manufacturing, processing or substantial and major assembly of components, a commercially recognised product results that is different in basic characteristics or in purpose of utility from its components.</td>
</tr>
<tr>
<td>Fraudulent practice</td>
<td>Fraudulent practice is 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;</td>
</tr>
<tr>
<td>Hybrid contracts</td>
<td>A contract covering both works and services shall be considered a service contract whenever the value of the services in question exceeds that of the works included in the contract. The same principle shall apply to define the procurement procedure to be followed in other <strong>hybrid contracts</strong>.</td>
</tr>
<tr>
<td>Implementing partner</td>
<td>Is the organisation who implements the project.</td>
</tr>
<tr>
<td>Import clearance agent</td>
<td>Is a person/company who offers a service which is custom clearance of goods. Most local shipping companies have this service as part of their portfolio</td>
</tr>
<tr>
<td>INCOTERMS</td>
<td>INCOTERMS are standard trade definitions most commonly used in international sales contracts. Devised and published by the International Chamber of Commerce.  <a href="http://www.iccwbo.org/incoterms/id3042/index.html">http://www.iccwbo.org/incoterms/id3042/index.html</a></td>
</tr>
<tr>
<td>Monitoring agency (food aid)</td>
<td>An agency which is responsible for verifying and certifying the quality, quantity, packing and marking of the goods 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.</td>
</tr>
<tr>
<td>ProLog</td>
<td>DanChurchAid (DCA) Procurement &amp; Logistic Division, Copenhagen.</td>
</tr>
<tr>
<td>Procurement</td>
<td>Procurement is a way of purchasing in a transparent and cost effective manner.</td>
</tr>
<tr>
<td>Restricted tender</td>
<td>This method requires prequalification of suppliers. Tender procedures are restricted whenever, after publication of a &quot;Prequalification notice for restricted tenders&quot;, all potential bidders may ask to participate in the procurement process, but only those candidates satisfying the selection criteria and invited simultaneously by the Procurement Committee may submit a tender.</td>
</tr>
<tr>
<td>Service contract</td>
<td><strong>Service contracts</strong> cover all intellectual and non-intellectual services other than those covered by supply contracts, works contracts and property contracts. Service contracts equally comprise study and technical assistance contracts. A <strong>study contract</strong> is a contract which includes studies for the identification and preparation of projects, feasibility studies, technical studies and audits. A <strong>technical assistance contract</strong> is a contract where 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.</td>
</tr>
<tr>
<td><strong>Shipper</strong></td>
<td>One who sends goods from one place to another by vessel (sea transport)</td>
</tr>
<tr>
<td><strong>Supply contract</strong></td>
<td><strong>Supply contracts</strong> cover the purchase, operational leasing, rental or hire purchase, with or without option to buy, of products. The delivery of products may in addition include siting, installation and maintenance.</td>
</tr>
<tr>
<td><strong>Works contract</strong></td>
<td><strong>Works contracts</strong> cover either the execution, or both the execution and design, of works or the realisation, by whatever means, of a work corresponding to the requirements specified by the contracting authority. A 'work' means the outcome of building or civil engineering works taken as a whole that is sufficient in itself to fulfil an economic or technical function.</td>
</tr>
</tbody>
</table>