

# Frequently Asked Questions

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## WE NEED TO ENGAGE A **CONSULTANT**. DO WE HAVE TO UNDERTAKE A TENDERING PROCESS?

Consultancies are considered a procurement. Normally, it will be necessary to undertake a tendering process as described in Chapter 7 Service Contracts of the NCA Procurement Manual. This is to be done through a Request for Proposal (RFP). It is important to ensure detailed TORs are prepared before the RFP is issued. It is also important to establish the remuneration at this stage. Remuneration should include fees (hourly, daily, monthly or fixed rate) along with per diem, travel and accommodation costs and any other expenditure that may be included in the contract. These should not be left open to negotiation after the consultant has been engaged.

Should the requirements of the consultancy be very specific, for example expertise in a specialised field or in depth knowledge and experience of a certain context, these requirements must be clearly specified in the TOR. This will eliminate proposals from under qualified or inexperienced candidates.

Under certain circumstances, a contract can be issued without issuing a new tender. These are:

1. When the estimated cost of the consultancy, including allowances or other submissible expenditures are below Euro 10,000, the procurement process will be a "Simple" procedure. This means the contract can be awarded against a single offer. It is however, critical that the cost of the contract is in line with current market prices. This can be verified by comparison to recently issued contracts of a similar nature.
2. A consultant who has previously been awarded a contract following a tender process may be reengaged for an additional contract if the nature of the work is similar to the previous contract and the cost is also similar. The period elapsed from the award of the first contract shall not be longer than one year. As a maximum, contracts can be renewed twice on these grounds.

## IS IT NECESSARY TO PLACE **ANNUAL ADVERTISEMENTS** FOR PROCUREMENTS?

The policy is that offices should establish a data base of potential suppliers/contractors. This can be achieved by advertising in appropriate media such as newspapers and notice boards, etc, depending on what are the accepted local practices. This database would then be used when soliciting offers and issuing Requests for Quotations/Proposals. This will increase transparency and ensure that as wide a selection as possible of suppliers/contractors have the opportunity to respond to tenders. If only a small group of suppliers/contractors receive RFQ/RFPs, we can not be sure we are getting the best prices. Additionally, having a wide database reduces the risk of corruption.

Donors need to be assured that our procurement policies provide equal opportunity, are fair, transparent, competitive and cost effective. The advertisement for business opportunities is a significant way of achieving this. Keep in mind that if the value of the procurement falls into the "Open" tender thresholds, than a separate advertisement for that specific tender still needs to be published.

The advertisement for business opportunities should include all goods, services or works that are anticipated to be required during the year/project period. There is a sample advertisement in the annexes of the Procurement Manual (see attached Annex GEN 8).

Some offices may be concerned that the placing of advertisements would be against normal conventions or laws. It would be unusual for this to be the case. In many countries there will be at least one national newspaper that publishes advertisements for procurement and business opportunities. If after checking the local requirements or situation it is found that it is not acceptable to publish such an advertisement, contact GLOL in Oslo to consider an alternative solution. It is essential that NCA and our partners are able to satisfy donor requirements with regards to advertising.

## FOLLOWING A TENDERING PROCESS, THE CHEAPEST **VENUE** FOR AN EVENT IS NOT REALLY THE MOST SUITABLE. WHAT SHOULD WE DO?

It is important to establish what the precise requirements of the venue are before initiating the tendering process and try to invite only venues that can offer the requirements. Give consideration to the following issues:

- Do they offer all the necessary facilities (including wi-fi)?
- If accommodation is required, is it clean and comfortable?
- Are meals of an acceptable standard?
- If participants are being accommodated at the venue, are there facilities where they can relax and socialise either within the venue or nearby, that are available to them when the workshop/meeting has concluded for the day?
- Does the venue and surrounding areas offer adequate security?

Experience has shown that poor quality venues can have a negative impact on the outcome of training and other events. In the long run, it is not always the best solution to accept the cheapest

option. However, if the cheapest option is not selected, it must be justifiable. In choosing the venue, keep in mind the nature of our work and the modest profile we wish to maintain.

## WE NEED TO **RENT A NEW OFFICE**. DO WE NEED TO UNDERTAKE A TENDERING PROCESS?

Office rental is not considered a procurement activity and therefore normal procurement policies do not apply. However, the principles of sound financial management must be adhered to. Therefore it will be necessary to establish that rental costs are in line with the normal market prices for similar facilities. To accomplish this, several alternatives should be considered and the available facilities and cost documented. It is also necessary to keep in mind the nature of our work and the modest profile we wish to maintain.

See also Chapter 4.10 Running Costs.

## DO OUR **PARTNER ORGANISATIONS** HAVE TO FOLLOW THE NCA PROCUREMENT MANUAL?

As of March 2016, the Norwegian MFA have clarified that NCA are responsible for funds even if the funds are utilised by implementing partners. This is the same with many other donors. If procurement is to be undertaken by partners with funds received from NCA, it will be necessary to ensure the partners have their own documented procurement policies that are at least as strict as our own. If this is not the case, the partners must follow the NCA Procurement Manual.

Inevitably, there will be cases when NCA works with partners who have limited procurement knowledge and experience. In these cases, NCA may wish to consider undertaking high value or complex procurements on behalf of the partner. Additionally, NCA should strive to build the procurement capacity of the partner to enable them to undertake procurements independently.

Regardless of the level of procurement expertise of the partner, it is good practice to regularly check partner procurement activities to ensure compliance with the relevant policies. By regular checks, monthly would be advisable. Far better to detect a problem early on during a project than detect it at the end when the final report is submitted, as it would be very difficult to rectify mistakes at this stage.

Keep in mind that NCA always carries the risk with funds entrusted to it. Ultimately, any errors or failures on the part of our partners are the responsibility of NCA.

## A SUPPLIER WHO HAS BEEN AWARDED A CONTRACT WANTS AN **ADVANCE PAYMENT**. CAN WE PAY?

NCA's standard payment terms are payment after delivery. For supply contracts, this is fairly straight forward. When we receive the goods, we make the payment (on receipt of the necessary documentation). For service and works contracts, payments can sometimes be scheduled in instalments over the course of the contract. Payments should still only be made after we have received a deliverable component of the contract such as an interim report for a service contract, or have reached a certain milestone of a works contract.

The reason we do not normally make payments in advance is to reduce the risk to NCA. Should we make an advance payment and the supplier or contractor defaults for any reason, we risk losing the funds or having to go through a lengthy process to recover the advance.

The Request for Quotation/Proposal stipulates our payment terms, which we would expect suppliers and contractors to accept. Suppliers and contractors will still sometimes request full or part payment in advance. This should normally be avoided. If necessary we should negotiate with the suppliers or contractors by explaining our terms and agreeing payment after delivery.

Ideally, we should seek to engage suppliers and contractors who have sufficient financial liquidity to accept these terms. We have experienced on many occasions that suppliers and contractors are initially reluctant to deliver without an advance payment. However, in most cases, suppliers and contractors are keen to do business with us (they are after all profit minded), and would rather accept our terms in order to gain our business, rather than lose the potential profit should the contract be awarded to another company that can accept our terms.

There may be occasions where a company insists on an advance and we have no other alternatives available to us. Under these circumstances, advance payments can be accepted. However the advance should come with conditions. Firstly, the amount should be negotiated to be the bare minimum necessary to allow the supplier or contractor to commence the contract. Secondly, the supplier or contractor must provide a pre-payment guarantee. The guarantee will consist of a written declaration from a bank or an insurance company (or another financial institution, depending on the financial system in a given country) that if the supplier or contractor 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. (See Annex GEN 10.1 for a template and Section 9.3 of the NCA Procurement Manual for further details).