

NORWEGIAN CHURCH AID

# PROCUREMENT MANUAL

**3<sup>rd</sup> edition V3 December 2022**

Procurement of Supplies, Services and Works.



**NORWEGIAN CHURCH AID**  
actalliance

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# ABBREVIATIONS

ACP: The ACP Group consists of countries in Africa, Caribbean and the Pacific

ACT: Action by Churches Together

AWB: Air Way Bill

B/L: Bill of Lading

CSR: Corporate Social Responsibility

DCA: DanChurchAid

ECHO: European Commission for Humanitarian Aid & Civil Protection

FPA: Framework Partnership Agreement

GDP: Good Distribution Practices

GHTF: Global Harmonization Task Force

GLOL: Global Logistics Division, NCA Head Office, Oslo

GMDN: Global Medical Device Nomenclature

GMP: Good Manufacturing Practices

GSP: Good Storage Practices

GTC: General Terms and Conditions

HMA: DanChurchAid Humanitarian Mine Action

HPC: Humanitarian Procurement Centre

HQ: Head Quarter

IATA: International Air Transportation Association

ICC: International Chamber of Commerce

ILO: International Labour Organisation

INGO: International Non-Governmental Organisation

ISO: International Standardization for Organisation

LDC: Least Developed Countries

MFA: (Norwegian) Ministry of Foreign Affairs

MOU: Memorandum of Understanding

MQAS: Model Quality Assurance System

MSF: Medecines Sans Frontieres

NA: Not Applicable

NCA: Norwegian Church Aid

RFP: Request for Proposal

RFQ: Request for Quotation

TOR: Terms of Reference

UNICEF: United Nations International Children's Fund

WHO: World Health Organisation

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# INTRODUCTION

This 3<sup>rd</sup> edition of the Norwegian Church Aid (NCA) Procurement Manual is based on donor requirements and international best practices. The Manual is applicable for all NCA operations and can be freely used by NCA and our partners. This 3<sup>rd</sup> edition, version 3 is effective as of 31 Dec 2022 and supersedes all previous versions.

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

The content of the Manual is not set in stone; it is a living document which is updated regularly on the basis of donor requirement, experiences and best practices. Users of the Manual are therefore encouraged to provide feedback and suggestions to the Manual and its related annexes to the NCA Global Logistics Division (GLOL) in Oslo, Norway.

The Procurement Manual has been developed by the DCA Procurement and Logistic Unit with important input from procurement staff in the field. The NCA Global Logistics Division has and will continue to contribute to updating the Manual. Thanks to all who have contributed to the development and updating of the Procurement Manual. The Manual and its annexes have been developed with reference to publicly accessible procurement documents from World Bank, Europe Aid and ECHO and the procedures and guidelines for procurement in this Manual meet ECHO rules and requirements.

The Manual and templates can be downloaded from the NCA website or from the NCA intranet where translations of specific templates also are found.

Procurement activities should only be undertaken by designated procurement personnel. Personnel from other departments should not engage in unauthorised contact with potential contractors. Procurement personnel may request technical assistance from other departments when necessary. All contact with potential contractors should be co-ordinated by the designated procurement personnel.

For the sake of transparency, it is strongly recommended that there should always be a minimum of two personnel present when meeting with potential suppliers or contractors.

## **Applicability**

The Procurement Manual applies to all NCA operations whether implemented by a NCA office or by partners. If stricter procurement procedures are stipulated by a donor, the donor's procedures shall prevail. If less strict procedures are stipulated by a donor, the procedures described in this Manual shall prevail. Partners that have developed their own procurement policies that are at least equivalent to the NCA policies, may use their own policies upon agreement with NCA. It is important that all users of this manual are aware that as of 2016, the Norwegian Ministry of Foreign Affairs have introduced procurement thresholds that are stricter than the thresholds contained in this Manual, and must be followed for any Norwegian MFA funded projects, including those undertaken by partners.

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**Definition of Procurement**

In this Manual procurement is defined as:

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

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

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# 1 PROCUREMENT POLICY

The Contracting Authority (NCA) is administering entrusted funds and is accountable to both beneficiaries, as well as public and private donors. Throughout the procurement process, the Contracting Authority shall perform professionally to ensure that funds are spent in a financially and ethically sound manner and with respect for the dignity of the beneficiaries and their right to efficient aid. To ensure this responsibility, all procurement of supplies, services and works, irrespective of the procurement procedure, shall be carried out on the basis of the following General Procurement Principles and Ethical Procurement Principles.

## 1.1 GENERAL PROCUREMENT PRINCIPLES

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

### **Transparency and Equal Opportunity**

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

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

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

### **Avoid Conflicts of Interest**

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

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

The Contracting Authority shall also be alert to conflicts of interest and/or non-competitive practices by contractors. Procurement shall not take place if it is known that a contractor is a member of any employees' immediate family or has any financial interest with an employee.

**NOTE:** If a supplier/candidate has been requested to provide assistance and input to the technical specifications and/or the Tender material, they may not submit an offer under that particular purchase.

### **Anti-corruption**

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

Staff shall not give or receive any gift, service or favour that may influence the exercise of their professional function and performance. In order to respect traditions and conventional hospitality, minor gifts or small scale hospitality may be accepted if the intention is professional. Small scale hospitality may be defined as being offered non-alcoholic beverages or snacks. Receiving minor gifts shall never influence the staff's good judgement and shall be

shared with colleagues in order to create transparency and prevent partiality. Cash gifts are never to be accepted. As the value of an acceptable gift varies across the countries, receiving or giving a minor gift is always a matter of context, good judgement and professionalism. Whenever in doubt, contact a superior.

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

Staff shall not engage in corrupt practices. To prevent corruption and misuse of finances, it is important that procurement and payment may never be undertaken by the same person.

Payments to Contractors should always be made by bank transfer or cheque to the company banks account of the Contractor as named in the PO or Contract. Payments should never be made to individuals private accounts, except in the case of Consultancy Contracts where the Consultant is not engaged through a consultancy company. It is therefore important to include bank details in all POs and Contracts.

Staff involved in procurement processes should not meet with contractors, or potential contractors without the presence of at least one other staff member. This will reduce the possibility of corrupt practices being arranged and protect staff from accusations of such practices.

Staff shall reject any bid, or terminate any contract, put forward by corrupt actors. Staff shall follow the ACT Anti-corruption Policy (NCA Operations Manual Chapter 8) and are obliged to report all corrupt incidences through the NCA Complaint Mechanism (NCA Operations Manual Chapter 2). Partners and contractors have to live up to the anti-corruption policy. It is the responsibility of the Contracting Authority to inform the partners and other relevant stakeholders about this policy.

### **Best Quality and Value for Money**

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

The award of contracts regardless of the procurement procedure shall always conform to the principle of best quality and value for money and ensure that procurement procedures are open to the broadest degree of competition.

### **Support the Local Economy**

In order to support the regional economy and the development of markets, the Contracting Authority shall, whenever possible, seek to procure resources in the project implementation area. Before carrying out procurement activities, the Contracting Authority must ensure that this will not distort the local market, increase prices, or cause harm to the environment.

## **1.2 ETHICAL PROCUREMENT PRINCIPLES**

As buying organisations we are active players on the global market buying various supplies, services and works. Therefore we influence the flow and allocation of economic resources and consequently have an impact, whether direct or indirect, on poverty, rights, social- and environmental conditions. Thus, we have a responsibility and obligation to ensure that the way we practice procurement seeks to decrease the ethical risks and support sustainable development. Ethical procurement is in line with NCAs Global Strategy and our vision of "Together for a Just World"<sup>2</sup>.

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<sup>2</sup><https://www.kirkensnodhjelp.no/globalassets/strategiske-dokumenter-og-foringer/globalstrategy-2015.pdf>

Practicing ethical procurement involves looking beyond economic parameters and efficiency. The life cycle of the products and services we purchase and the related social consequences, risks and implications for people, society and the environment, shall be considered in the procurement process. Within this commitment lies a responsibility to encourage and oversee responsible business behaviour in our supply chains and the implementation of our Code of Conduct for Contractors (see Annex GEN 4-1).

The following Ethical Procurement Principles are based on international conventions<sup>2</sup>, recommendations from the Ethical Trade Initiative Norway (IEH) , [UN Global Compact Principles https://www.business-humanrights.org/en/un-global-compact-principles](https://www.business-humanrights.org/en/un-global-compact-principles) and [ECHO's Humanitarian Aid Guidelines for Procurement 2011](#).

### **Promote and Protect Human, Social and Labour Rights**

Staff and partners shall in all procurement work towards avoiding procurement practices and decisions which negatively affect people's human, social and labour rights. Throughout the procurement process the impact procurement decisions may have on people's rights shall be considered. Furthermore the necessary actions to promote a responsible business environment where contractors are willing and able to integrate people's human, social and labour rights in their businesses shall be taken.

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

### **Uphold International Humanitarian Law and related Conventions**

For all procurement the necessary precautions to avoid contractors who are engaged in activities which initiate, sustain or exacerbate armed conflict and violations of International Humanitarian Law<sup>6</sup>, or any other illegal activity shall be taken. The Contracting Authority shall always seek to avoid procurement practices and decisions which directly or indirectly inflict harm to civilians affected by conflict.

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

### **Protection of the Environment**

To minimise the environmental damage applied to nature via procurement, the Contracting Authority shall seek to act in accordance with the

[Rio Declaration https://www.unccd.int/convention/partners/rio-conventions](https://www.unccd.int/convention/partners/rio-conventions). This involves making procurement decisions which consider environmental issues and integrate them into the procurement process.

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

### **Code of Conduct for Contractors**

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<sup>2</sup> The full list of international conventions related to the Ethical Procurement Principles can be found in the Code of Conduct for Contractors.

<sup>3</sup> The definition of child labour is found on: <https://www.unglobalcompact.org/what-is-gc/mission/principles>

<sup>4</sup> A living wage is the minimum hourly wage necessary for an individual to meet basic needs, including housing and other incidentals such as clothing and nutrition. According to ILO Conventions a living wage includes a discretionary income. A discretionary income is the amount of an individual's income that is left for spending, investing or saving after taxes and personal necessities (food, shelter, and clothing) have been paid.

<sup>5</sup> A list of the rights to be upheld and promoted is found in the Code of Conduct for Contractors.

<sup>6</sup> International Humanitarian Law prohibits pillage – the unlawful taking of private property for personal or private use. This includes the accusation of private property based on force, threats, intimidation, pressure and through a position of power accomplished due to the surrounding conflict.

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

It is the contractors' responsibility to comply with the Code of Conduct. As a general rule it is preferred to promote dialogue and positive changes instead of a 'running and cutting' practice<sup>7</sup> which does not contribute to actual improvements. However, if a contractor does not commit to the Code of Conduct, the Contracting Authority shall turn down the quote/proposal or consider terminating the Contract. The Contracting Authority shall always act in accordance with donor requirements for termination of contracts.

### 1.2.1 Implementation of the Ethical Procurement Principles

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

- **Lead times and changes to contract specifications.** Short lead times and changes to the contract specifications may influence the contractors' ability to provide secure and regular employment and may result in forced (and unpaid) overtime. Good planning and clearly defined specifications and selection criteria enable contractors to plan ahead and provide feedback on specifications.
- **Pricing.** Putting pressure on prices may have negative consequences for contractors' employees and may lead to deterioration in health, safety and payment of living wages or compensation for overtime. The prices paid shall leave room for both the supplier and the Contracting Authority to benefit from the relationship. Be aware of this when negotiating the contract conditions. Also make sure to pay the contractor on time.

When entering into negotiations of contract conditions, for the reasons mentioned above and to ensure the principle of fair and equal treatment is maintained, price negotiations are not permitted, except in situations where all offers have exceeded the available budget. In such situations, all potential Contractors who have been invited or have submitted an offer, should be given equal opportunity to resubmit their offers.

Price negotiations may also create the opportunity for corrupt practices. Additionally, if suppliers routinely expect to negotiate prices, they will submit offers higher than the normal market price. This will result in a distortion of market prices. Suppliers are always expected to offer their best price when submitting quotations and proposals.

- **Include ethical criteria's in RFP/RFQ/Tender Dossier.** When relevant make sure to include ethical criteria in the specifications/TOR and contract conditions in the RFP/RFQ/Tender Dossier and in the Proposal- or Quotation Submission Form. This could be in the form of requirements to specific ethical criteria's that the product, service or works has to live up to or additional requirements to the contract performance (which are not mentioned in the Code of Conduct). If certifications/standards (e.g. FairTrade, Rainforest Alliance, SA8000 or FSC) are required as a means of proof for complying with a set of defined criteria, it must be stipulated that other reliable means of proof are also accepted.
- **'Think Green'.** Whenever possible and pertinent, think green solutions into procurement. This could be product specific such as: solar panels, wind power, water efficient equipment, biogas installations, recycled materials etc. Also include requirements to specific certifications which ensure e.g. environmental sustainability, proper energy management, legal/sustainable forestry, organic materials, ecology etc.
- **High risk sectors and countries.** Be aware that ethical risks are often related to specific sectors and countries and are often interrelated. E.g. child labour is often also bonded or trafficked; the garment/textile sector is known for violations of labour rights; child labour is more common in the agricultural and garment/textile sectors than in other sectors; seasonal production is more likely to make use of migrant workers whose labour rights are often not covered by national law; in many developing countries the minimum wage is not a living wage; land grabbing is often related to food production and bio fuel; and polluting production practices are often associated with certain industries and countries.

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<sup>7</sup> A 'running and cutting' practice means the immediate termination of sourcing from a supplier. Termination of a relationship with a supplier does not have a positive effect on employees, working conditions or situation. On the contrary it might worsen their situation.

It is recommended to make a risk assessment to get a basic identification of sector and country specific risks in the country of operation. You may find useful information on the following online resources: [www.hrw.org/publications](http://www.hrw.org/publications) (Human Rights Watch); [www.maplecroft.com](http://www.maplecroft.com) (global risks and businesses).

- **Sharing knowledge.** Sharing knowledge (through e.g. NGOs, government institutions, trade unions, etc.) on general CSR<sup>8</sup> issues, general attitudes towards human rights, national laws and environmental risks in a given country provide essential and useful information on ethical issues and risks.
- **Small scale risk assessment on contractors.** The sourcing of new contractors shall entail a small scale risk analysis on each contractor's ethical business performance. If possible, it is recommended to make a Google search on each contractor in order to generate information on e.g. CSR policy, labour violations, human rights violations, polluting practices, relevant certifications, the SA8000 standard etc. Findings shall be documented and filed in the procurement file. The generated information - positive, negative or non-existent shall then be integrated in the selection of contractors. If any, the identified ethical problems shall be addressed in dialogue with the chosen contractor or alternative procurement options shall be identified.
- **Supplier visits.** When visiting suppliers/candidates for sourcing reasons or other reasons make simple observations on ethical issues also e.g. how are the working conditions? Are wastewater led directly into the stream/river? Are children working at the compound? Are workers in direct contact with chemicals? Etc. Document your observations, make a note to file in the procurement file or in your supplier database and take appropriate action.
- **Engaging in dialogue.** Dialogue is an important component of creating changes to ethical issues. As a general rule, if there is a suspicion or proof of a contractor not complying with the Code of Conduct for Contractors, this should be discussed in the Procurement Committee. It should then be decided what actions are to be taken for that specific case in that specific context – all with the aim of dialogue. If the problem is severe, e.g. child labour, bonded labour, mine production etc. the program management shall be included to find a proper solution or for determining if the contract should be terminated.

### 1.3 COUNTER-TERRORISM SCREENING

Counter-terrorism regulations in some countries prohibit transactions/support to any individuals or entities that appear on sanctions lists kept by the UN and/or national lists. NCA must therefore conduct appropriate checks to minimise the possibility of funds or assets being transferred to any entity or person on these lists.

Suppliers, contractors and consultants are included in the list of bodies that donors require to be screened. The exact nature/legal structure of the supplier or contractor that is vetted will vary from country to country. In general, vetting checks must be carried out against:

- Name of the business
- The person who acts as the day-to-day manager of the business
- The person who owns or controls the business

The exact names of these posts will often vary, and it may not always be easy to find out or verify who does what. As part of general due diligence on any potential supplier, a check should always be carried out at the local companies or business registry (if these exist in the relevant country) to verify whether the business does indeed exist.

The vetting must be part of the evaluation of the bid. The purchase order or contract cannot be issued before the vetting is completed. The vetting procedure is required for the supply of both goods and/or services, and so

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<sup>8</sup> Corporate Social Responsibility. CSR is a volunteer business reporting framework or business approach which includes environmental and social aspects alongside financial measures. Through CSR businesses include a social and environmental responsibility in their business actions and goals.

construction contracts (for example) are also included. The vetting must be done before a purchase is made or a contract entered into.

It is important to note that non-compliance may constitute material breach of contract, which could lead to costs being ineligible, and agreements terminated. NCA has therefore established procedures for vetting to ensure compliance with donor requirements.

Further information on NCA screening policies can be found in the NCA Operations Manual.

Partners should ensure compliance to the Preventing Terrorist Financing section contained in the NCA/Partner Project Agreement.

## 2 PROCUREMENT RESPONSIBILITIES

### 2.1 MANDATE FOR THE NCA GLOBAL LOGISTICS UNIT, OSLO

NCA Global Logistics Division in Oslo is overall responsible for NCA's logistics operations worldwide. That includes developing mandatory standards for logistic activities, and ensuring that the Country Offices and Head Office carry out logistics activities according to these standards. NCA Global Logistics shall advise, support and control the Country Offices as well as the various departments at the Head Office in Oslo. The purpose is to optimize cost efficiency and reduce risk elements and ensure compliance to relevant policies and procedures.

Definition: Logistics includes procurement, storage, distribution, maintenance and replacement of material and services. and fleet management.

#### Areas of Responsibility

- To ensure that the total management of logistics resources is done in a cost-effective manner and in line with NCA standards.
- To ensure that NCA has necessary, relevant logistics competence in all parts of the organisation.
- To carry out necessary control in order to make sure that the organisation is complying with rules and regulations set out in Chapter 13 of NCA's Operations Manual and in this Procurement Manual.
- To support and advise Country Offices and departments at the Head Office with purchases as outlined in 2.2 below.
- To manage global and national stocks in order to support emergencies (mainly WASH/Shelter)
- To purchase equipment for the Department for International Programs and Department for Communication and Fundraising in cooperation with relevant advisers from these departments.
- To establish contracts with suppliers on behalf of NCA.

NCA Global Logistics Division personnel will endeavour to visit each Country Office at least every 12 to 18 months. The purpose of the visits will be to undertake a logistics assessment to ensure compliance to relevant policies and to provide capacity development to Country Offices and, where necessary, partners. Such visits will be co-ordinated with the respective Country Offices, who should ensure adequate funding is made available through annual budgets.

### 2.2 PROJECT PREPARATION AND IMPLEMENTATION

As a service to our Country Offices and partners the NCA Global Logistics Division in Oslo provides assistance and advice on the following procurement tasks at project preparation stage:

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

At project implementation stage NCA Global Logistics is providing training in the use of the Procurement Manual for procurement staff at Country Offices and if necessary for partners. It is important to stress the need to incorporate the training in the project planning phase (when drafting project budget).

As a general rule NCA Global Logistics is always available to Country Offices and partners for any questions they might have on procurement rules and procedures, implementation difficulties, ethical issues and for the provision of standard documents.

When procurement activities are significant, the extended capacities of a professional logistician or an international consultant may be needed for the practical and local implementation of procurement procedures (paper work, detailed market investigations, contacts with suppliers, filing of procurement documentation). Under such circumstances NCA Global Logistics may assist in the identification of experts when required.

Depending on the project, NCA Global Logistics' assistance might be agreed upon for implementation, supervision and monitoring of procurement activities. It is important to stress the need to incorporate these services in the project planning phase (when drafting the project budget).

For global funding projects the level of involvement by NCA Global Logistics shall always be coordinated and agreed with Global Funding. For other projects the responsible Project Manager shall coordinate directly with NCA Global Logistics.

## **2.3 INTERNATIONAL PROGRAMS**

All NCA Country Offices are authorised to undertake both international and national procurement. For contracts above EUR 30,000, NCA Global Logistics shall be consulted in order to provide any necessary advice in identifying suppliers and to provide guidance to ensure correct procedures are followed. For procurements valued below EUR 30,000, GLOL are also available to provide support if necessary.

## **2.4 NCA REPRESENTATIONS AND PARTNERS**

In accordance with NCA's Country Office Mandate and agreements with partners, NCA Country Offices and partners are responsible for procurement planning and implementation. Authorizations and responsibilities shall be in accordance with the internal rules for the Country Office or specific partner. Consider carefully whether the local rules and procedures (in particular for award of contracts and for payment procedures) would impact the procurement procedures. It may be necessary to introduce new rules for authorization and responsibilities in order not to impede or slow down the procurement process.

For all procurement carried out by NCA Country Offices and partners, this Procurement Manual applies. Partners that have developed their own procurement policies that are at least equivalent to the NCA policies, may use their own policies upon agreement with NCA. Chapter 7 of the Operations Manual includes the Partner Assessment Tool (PAT) that should be completed for all new partners, and existing partners at least once every three years. NCA Country Offices have to make sure that our partners have adequate capacity and routines in procurement, that they fulfil the partner agreements and that they adhere to donor requirements. It will be necessary to regularly monitor partner logistics activities particularly in relation to procurement, to ensure compliance to the relevant NCA and/or donor procedures. Should partners undertake procurements valued over EUR 30,000, the NCA Country Office must inform GLOL before the procurement process begins.

## **2.5 PROCUREMENT COMMITTEE**

A Procurement Committee shall be established before any procurement activities are initiated. The Procurement Committee shall consist of at least three persons and preferably an odd number, for example the Country Director or Deputy, the Finance Manager and the Programme Manager. The Procurement or Logistics Manager can serve as secretary to the committee - without voting rights. Decisions of the Procurement Committee cannot be overridden, unless it is shown that procedures have not been correctly followed.

The main responsibilities of the Procurement Committee are to:

- Ensure that a procurement plan is drafted and that it corresponds to the activity plan and budget.
- Ensure that all procurement requirements are planned for at the beginning of the project.
- Ensure that procurement activities are initiated on time.
- Ensure the collection of quotations and issue purchase orders/contracts.
- Ensure that ethical risks are considered and addressed in the procurement process.



- To ensure counter-terror screening is carried out in accordance with current NCA policies (See NCA Operations Manual Chapters 5, 7 and 13).
- Ensure that the procurement fulfils NCA procedures and donor requirements.
- Ensure that all steps of the procurement processes are documented.
- Ensure sufficient cash flow.
- Ensure 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 the procurement plan and activity plan corresponds.
- Evaluate quotes/proposals. The Procurement Committee is responsible for the evaluation of quotes. It is not a requirement to form an independent evaluation committee for evaluation purposes. For the evaluation of high value tenders (Local and International Open Tenders) it is especially important that the committee possess the necessary technical and administrative expertise to perform the tender evaluation. For the evaluation of tenders below EUR 500, the Procurement officer (or any other committee member) may be designated to evaluate and undertake the purchases. If the members of the Procurement Committee do not possess the required qualifications, internal or external experts shall be appointed (for the same project the Procurement Committee may use different experts for evaluation of the individual lots depending on the contract category). However, the procurement officer/responsible person shall always be secretary to the Procurement Committee as the expert on procurement procedures.

#### **The Three Main Objectives of the Procurement Committee**

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

**NOTE:** All staff involved at any level in procurement processes, including members of the Procurement Committee, shall sign the Declaration of Impartiality and Confidentiality (The template is found in Annex GEN 2).

**NOTE:** The Procurement Committee should be aware of thresholds and affiliated procurement procedures, including the various limitations set for procurement exceeding certain values as contained in this Manual. These limitations are summarised below for easy reference:

- Value of small gifts/hospitality not to exceed Euro 100
- For the evaluation of tenders below EUR 500, the Procurement officer (or any other staff member) may be designated to evaluate and undertake the purchases.
- Over Euro 2,000, a PO or Contract must be issued
- Over Euro 30,000, GLOL Oslo must be informed at the outset of the procurement process
- Over Euro 30,000, Award Notice mandatory
- Over Euro 50,000 recommended tender/performance guarantee

It should be noted that contracts shall not be split artificially to circumvent the procurement thresholds

## 3 PROCUREMENT PROCEDURES

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

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

For an overview of the thresholds and the affiliated procurement procedures for the contract categories see the table in section 3.2.

### 3.1 CONTRACT CATEGORIES

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

#### **Supply**

Supply Contracts (also known as Purchase Orders) cover the purchase, operational leasing<sup>9</sup>, and rental or hire of products (including rent of vehicles and property, with or without option to buy). The delivery of products may in addition include siting, installation and maintenance.

**NOTE:** Whenever rental of venues for meetings, conferences etc. is a direct project cost, it is categorised as a supply.

#### **Service**

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

Service Contracts also comprise the following contract forms:

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

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

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

A Service Contract and an Employment Contract are two different contracts. An Employment Contract involves recruitment, fixed salary, regulations on leave, resignation restrictions etc. These obligations are hence for the Contracting Authority as an employer, rather than merely a party to a contract for the provision of a service.

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<sup>9</sup> For operational leasing there is no transfer of legal ownership to the lessee. Depending on the contract most risks are held by the owner.

Employment Contracts are not covered by this Manual and are not considered procurement. (See more details in section 7.5.)

### **Works**

'Works' means the outcome of building or civil engineering taken as a whole and sufficient to fulfil an economic or technical function. Works Contracts cover either the execution, or both execution and design of a work corresponding to the requirements specified by the Contracting Authority. It is a Works Contract when an entrepreneur or a construction company has the obligation of delivering works and is responsible for hiring and/or buying the necessary resources to fulfil this obligation (i.e. the entrepreneur hires the labour, brings the equipment and buys the construction materials and supplies). Examples of Works Contracts are construction, reconstruction, demolition, repair or renovation of a building, site preparation, excavation, drilling, etc.

### **Hybrid Contracts**

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

## **3.2 THRESHOLDS AND THE AFFILIATED PROCUREMENT PROCEDURES**

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

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

This section describes each of the four applicable procurement procedures. It is important to stress that it is mandatory to follow procedures for each purchase. Thorough information and guidelines on these procedures are described in the Supply, Service and Works chapters respectively.

If donor rules are stricter than the procedures outlined in this Manual, the donor rules shall prevail. Country Offices are free to reduce these thresholds if necessary, so long as any such reduction does not delay project implementation or overburden offices with unnecessary procedures for lower value procurements. Any adjustments by Country Offices to the thresholds contained in this Manual shall be documented in the Procurement Committee Terms of Reference.

### **Simple Procedure**

The Simple Procedure is the simplest procurement procedure. This procedure is, as a general rule, applicable when thresholds are within the value EUR 0 - 9,999. In special cases, described in section 4.7.1, the Simple Procedure can be applied for procurement above EUR 9,999.

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

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

it may be advisable to issue a purchase order or a contract for purchases less than EUR 2,000 in some contexts. Please ensure that this does not conflict with donor requirements

**Negotiated Procedure**

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

The Negotiated Procedure requires that a minimum of three suppliers/candidates are invited simultaneously to submit a quotation based on a RFQ/RFP. The Contract shall be awarded to the most compliant supplier/candidate. To ensure all potential suppliers/candidates are given equal opportunity, it is essential that an Advertisement of Business Opportunities (GEN 8) is published in all appropriate local media at the beginning of each year or project period. For contracts above EUR 30,000, it is mandatory to publish the award notice in a suitable procurement media and on the Contracting Authority's website. Letters to all unsuccessful suppliers/candidates shall be submitted.

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

**Local Open Tender Procedure**

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

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

A specified tender dossier shall be drafted and forwarded to interested suppliers/candidates who then have the opportunity to make a tender request. After the deadline of receiving tenders, the tenders shall be opened and announced in the presence of all interested tenderers. Evaluation of the tenders is fulfilled by the members of the Procurement Committee on the basis of a clearly predefined evaluation grid. The outcome of each member's evaluation is compared and the best compliant tender is awarded the Contract. It is mandatory to publish the award notice in a suitable procurement media and on the Contracting Authority's website. Letters to all unsuccessful suppliers/candidates shall be submitted.

**International Open Tender Procedure**

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

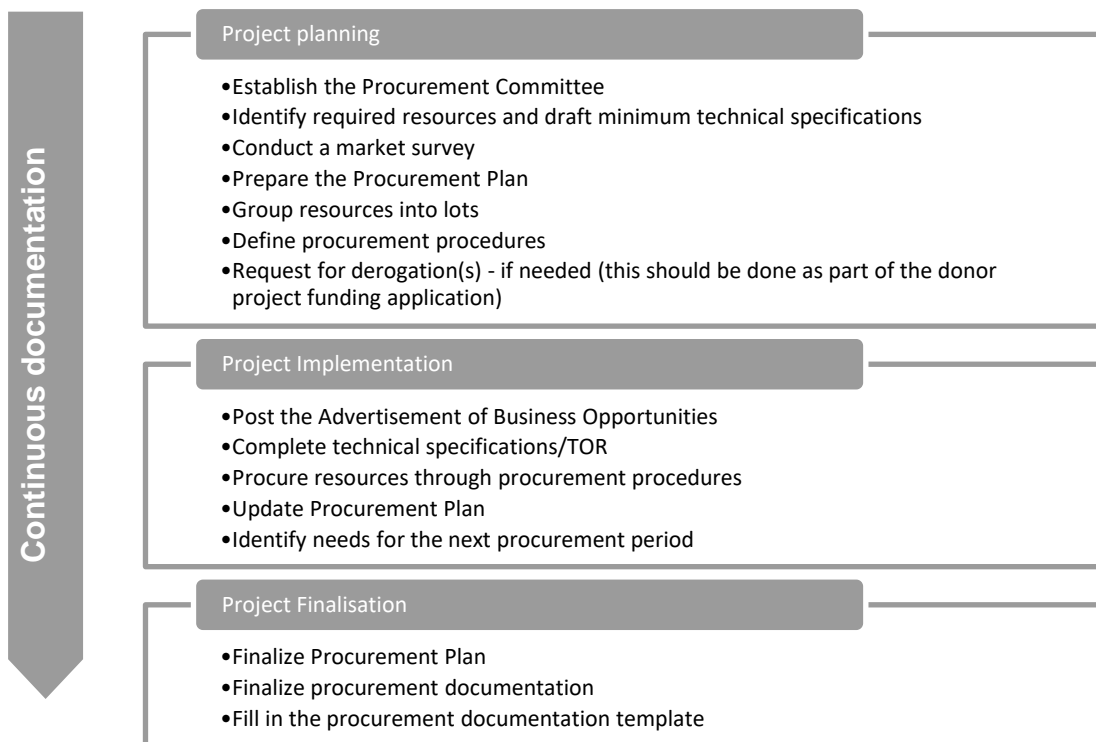
**Thresholds and Affiliated Procurement Procedures for NCA/ECHO:**

Threshold	Procurement Procedure	Key Activity
<b>SUPPLY</b>		
Up to EUR 9,999	Simple Procedure	See section 6.1
EUR 10,000 - 149,999	Negotiated Procedure	See section 6.2
EUR 150,000 - 299,999	Local Open Tender Procedure	See section 6.3
Above EUR 300,000	International Open Tender Procedure	See section 6.4
<b>SERVICES</b>		
Up to EUR 9,999 (and in special cases)	Simple Procedure	See section 7.1
EUR 10,000 - 149,999	Negotiated Procedure	See section 7.2
EUR 150,000 - 299,999	Local Open Tender Procedure	See section 7.3
Above EUR 300,000	International Open Tender Procedure	See section 7.4
<b>WORKS</b>		
Up to EUR 9,999 (and in special cases)	Simple Procedure	See section 8.1
EUR 10,000 - 299,999	Negotiated Procedure	See section 8.2
EUR 300,000 - 2,999,999	Local Open Tender Procedure	See section 8.3
Above EUR 3,000,000	International Open Tender Procedure	Contact GLOL for instructions and standard documents

## 4 PROCUREMENT PLANNING

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

### Overview of the Procurement Process:



### 4.1 THE PROCUREMENT PLAN

The Procurement Plan shall answer the questions of what to buy, when to buy, estimated prices and how to buy. See the sample of a general procurement plan in GEN 7-2. The Procurement Plan shall include considerations to the issues mentioned in the following sections 4.2 – 4.14. When preparing the procurement plan use the template GEN 7-1.

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

The Procurement Plan is a dynamic planning tool which will change during the project period. Make sure to document the process and the development of the Procurement Plan by saving a version of each updated excel sheet.

#### Step 1: Identify Required Resources and Costs

In cooperation with relevant project staff, it shall be established which resources are required to be procured (supplies, services, works). At this stage it is important to determine the minimum technical specifications (see section 4.12.1). Moreover considerations regarding the use of e.g. HPCs, community involved procurement, Framework Contracts, vouchers etc. shall be integrated in the procurement plan.

When preparing the budget, all expenses for logistics, such as transport, clearance, import costs, insurance, warehousing and distributions, shall also be included (for Guidelines on Transportation and Storage, see SUP 9).

For products with a limited shelf life, it may be necessary to plan for partial deliveries which will in turn increase the freight costs.

An engineer may be required to supervise a Works Contract. This cost has to be included in the budget as a Service Contract.

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

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

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

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

## **Step 2: Specific Donor Requirements**

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

## **Step 3: Market Survey**

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

- The availability of the required resources. The market survey shall answer basic question regarding prices, trade customs, as well as availability and quality of resources. At this stage, possible contractors shall be mapped and registered using the template GEN 6.
- The availability of suppliers/candidates and their record and reputation.
- In order to support the regional economy and the development of markets, the Contracting Authority shall, whenever possible, seek to procure resources in the project implementation area. Before carrying out procurement activities, the Contracting Authority must ensure that this will not distort the local market, increase prices, or cause harm to the environment.

- The existing import regulations and restrictions. Once it has been established which resources need to be imported and in order to avoid delays, it is important that the customs authorities and a clearing agent are contacted on the import procedures and the requirement for import licence and/or other related documentation. This is particularly important when procuring pharmaceutical products, medical equipment, radio and satellite communication equipment, food, etc.
- The need for transport, storage and costs for customs clearing.
- The social, labour and environmental risks related to the resources to be procured. The obtained information helps to identify high risk sectors, countries, suppliers/candidates, the necessity to seek alternative procurement options, if special requirements to ethical standards are to be included in the selection criteria (e.g. certifications); need for dialogue with suppliers/candidates; and if it is necessary to exclude some suppliers/candidates due to ethical reasons (e.g. use of child labour), etc.
- Establish whether it could be beneficial to use Framework Contracts for any of the purchases of supplies/services (see section 4.9).
- The need for derogations from procurement procedures. Once all the above mentioned information has been collected, it shall be determined which derogations may be needed. Be aware of the time constraints and resources involved.

#### Step 4: Preparing of lots

Based on information obtained from the Budget and the Market Survey, all the required resources should now be grouped into Lots. For further information on preparing of lots, see section 4.1.1.

#### Step 5: Procurement Procedure

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

#### Step 6: Timeframe Considerations

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

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

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

Procurement Procedure	Bid flow	Total timeframe for procedure	Supplier/candidate's delivery time to site
Simple Procedure	NA	1 - 2 weeks	Shall be added
Negotiated Procedure	Recommended 14 days	3 - 8 weeks	Shall be added



Local Open Tender Procedure	Minimum 21 days	10 - 14 weeks	Shall be added
International Open Tender Procedure	Minimum 30 days	13 - 18 weeks	Shall be added

**Step 7: Request for Derogations**

Based on all the information collected (step 1-6), it may be necessary to request derogations from the Procurement Manual and/or from donor requirements. For further information on derogations see section 4.7.

**4.1.1 Preparing of lots**

Preparing lots is the process of grouping resources which can be purchased from one contractor in order to obtain the best quality and prices for the required resources for a project. The preparing of lots is foremost defined by the market structure. There is no fixed solution to what a lot includes, thus it is important to obtain market knowledge via the market survey. In some contexts, it is possible to group many different resources into one lot and purchase from one contractor, as this is how the market is structured. In other contexts the same resources may have to be purchased separately as the suppliers in the market have more specific product groups and will not be able to deliver various resources.

In the latter case the procurement plan will include more lots than in the first case.

**Example: The Market and Preparing of lots**

Most markets are structured in a way that does not allow us to purchase motorcycles and computers from the same supplier. Thus there would be two lots - one for the computers and one for the motorcycles. But in Cambodia a Procurement Officer found that he could purchase both the computers and the motorcycles from the same supplier, and thus in this contexts it was one lot.

When preparing lots start out by dividing the identified resources into the three contract categories of supplies, services, and works. Once this is done, further group the resources into lots.

Please note that the preparing of lots are for the entire project period and independent of project activities, geography for implementation, and the number of donors and partners for the project, This means that e.g. if there are more than one donor for a particular project, it is not allowed to purchase donor-wise. If one donor is paying for one laptop and another donor is paying for another laptop, then this is one lot with a total value of the two computers.

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

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

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

**Example: The Preparing of lots****SUPPLY:**

Lot 1) Field equipment:

Camp beds, sleeping bags, mosquito nets, tents, chairs, lamps.

Lot 2) Computer equipment:

Laptop, printer, toner, UPS, router, keyboard.

Lot 3) Workshop materials:

Pen, pencils, flip chart, files folders.

Lot 4) Medical equipment:

Stretcher, oxygen tank, stethoscope, sterilizer.

Lot 5) Generator:

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

**SERVICE:**

Lot 6) Engineer:

Service Contract for supervision of the Works Contract (see below lot 7).

**WORKS:**

Lot 7) Tube wells:

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

**Sub lots**

In some cases we find that even though we can purchase several types of resources from one supplier (one lot), it may be pertinent to split this lot into several sub lots in order to promote competition and obtain the best quality and value for money. By splitting one lot into several sub lots, we provide suppliers who cannot deliver all resources within the lot with the opportunity to quote for one or several of the sub lots. This may be useful in contexts where the market consists mainly of many small suppliers; in contexts where we wish to support project market development or in projects with a wide geographical implementation. Splitting a lot into several sub lots enables the Contracting Authority to award either one contract to one supplier/candidate who has provided the best quality and value for money for the entire lot or to award several suppliers/candidates with individual contracts because they have provided the best quality and value for money on one or several sub lots. Please note that when splitting a lot into several sub lots the total value of the lot remains the same and the applicable procurement procedure stays the same.

**Sub lots**

For a lot with e.g. construction material it may be pertinent to split the lot into several sub lots in the RFQ/Tender Dossier and specify herein that the supplier can quote for one or all sub lots. The Contracting Authority reserves the right to award the contract(s) by sub lots. Only one RFQ/Tender Dossier is issued, but several suppliers may be contracted based on the principle of Best Quality and Value for Money provided per sub lot. Thus, sub lots may be cost saving and the supplier quoting the lowest price per sub lot may be contracted, instead of the supplier with the overall lowest price. The disadvantage is the administration of more than one contract.

## 4.2 MULTI PARTNER PROJECTS

In projects with several implementing partners it is important to organise procurement as early in the project phase as possible. Based on the project context, the procurement principles and donor demands, it is important to carefully

consider the advantages and disadvantages of the three below scenarios and to select the most suitable one. The decision shall be clearly indicated in the procurement plan.

- a. Shall each partner carry out its own procurement?

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

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

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

- c. A combination of the above two scenarios?

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

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

**Example: Applicable Procurement Procedure in a Multi Partner Project**

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

**Procurement in Multi Country Projects**

Multi country projects may take place within both multi partner and consortium contexts. For projects with two or more countries, procurement may be split between the countries. In such cases and if required, it shall be highlighted in the project proposal that for economic purposes procurement will be carried out separately in each country.

Please check specific donor requirements on multi country projects.

## 4.3 CONSORTIUM PROJECTS

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

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

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

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

## 4.4 VOUCHERS

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

Vouchers provide access to pre-defined commodities e.g. food, non-food items or services e.g. milling, health care etc. for beneficiaries and can be exchanged in designated shops, fairs and markets. Vouchers can be either paper or electronic and are value based, commodity based or service based.

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

### **For commodity and service based vouchers two procurement scenarios exist:**

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

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

### **Cash Grants**

Cash grants are tied to the provision of money and are not considered to be procurement. However, if the cash distribution requires cell phones, services from cell phone companies, other technologies, bank services etc. those contracts are subject to a procurement procedure according to the contract value.

It can be beneficial to use cash grants in projects where it will be a challenge to implement a competitive procurement procedure. This is often the case where products, e.g. livestock will be procured from households, small village suppliers and markets in the project area.

## 4.5 COMMUNITY INVOLVEMENT

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

### **Use of Community Involved Procurement**

Community involvement is not limited to products found in the rural areas, also referred to as project procurement. Community involvement in procurement is often used where the community has access to the market and can provide meaningful inputs on what to buy and where to buy it. Typical resources are village products such as bamboo, paddy seeds, indigenous variety of seeds, sand, bricks, boats, nets, livestock, fishing and perishable goods etc.

### **Organising Community Involved Procurement**

Community involvement can be organised in several ways and with varying complexity.

Some common approaches are:

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

**NOTE:** The legal relationship shall be between the partner and the supplier/candidate. Consequently, it is only the partner who can issue the Purchase Order/Contract.

#### **Planning of Community Involved Procurement**

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

Please address:

- a. If more suitable alternatives, such as cash grants or vouchers could fulfil the same purpose, without having to carry out a procurement procedure (see section 4.4).
- b. If a project activity requires beneficiaries to contribute with e.g. sand or bricks from their land, it is paramount to include a detailed description in the project proposal. This will allow the donor to pre-approve the approach and the resources will not be subject to the procurement procedures listed in the Procurement Manual.
- c. Is there a market to meet the principle of competition?
- d. The need for capacity building of community participants in terms of the technical requirements of procurement procedures and record keeping.
- e. The substantial time needed to collect information by the community, and how to organise the procurement in the Procurement Committee etc.
- f. How to avoid conflicts of interest e.g. preventing Procurement Committee members from purchasing from family and friends and from becoming suppliers themselves?

Please observe that beneficiaries shall not use own cash subsidies to purchase a more expensive livestock or item than the one selected through a procurement procedure. A type of livestock or item that differs from the selection in the approved procurement plan will be deemed ineligible.

## **4.6 USE OF OWN VEHICLES**

If a partner organisation wishes to utilize all or part of a vehicle rental budget line on a vehicle from their own existing fleet (as distinguished from commercial rental) for a specific period of time, only running costs for such vehicles are eligible. This is not considered to be procurement and shall thus not be included in the Procurement Plan, but shall be specified in the project proposal.

The following information shall be established at project start and filed to report:

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

The daily or monthly rates for running costs shall be significantly lower than the current commercial vehicle rental rates indicating that the purpose is not profit making. It is therefore recommended to conduct a market survey establishing the current market price. This can be done by collecting three commercial quotations.

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

The use of own vehicles falls technically outside procurement, but it is often monitored by procurement staff.

## 4.7 DEROGATIONS

To request for derogation means to ask for an exemption from a rule or to request for a waiver to a rule.

Any derogation from the rules and procedures established in this Manual is subject to written approval from GLOL Oslo who will deal expeditiously with any request accompanied with proper justification. Incorrect use of derogations without adequate justification may result in costs being declared ineligible and reimbursed to the donor as a consequence.

Derogations do not require approval from GLOL in cases where the Country Office has opted to reduce thresholds contained in this Manual, so long as the Manual thresholds are not exceeded.

Whenever possible the request for derogation shall be included in the project application, as a request at a later stage of the project will often cause delays and may not be granted.

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

- Security reasons
- Operational reasons
- Technical reasons
- Ethical reasons
- Shortfall or unavailability of the resources on the market
- Cost or delays due to transport
- Legislation

### Examples of Derogations

#### SECURITY REASONS

In a Danida funded civil society project, dealing with politically sensitive issues, a derogation for abstaining from posting an Advertisement of Business Opportunities was requested, due to the security risk this would have imposed on the project partner.

#### OPERATIONAL REASONS

As the safety helmets used in the Humanitarian Mine Action programme in Angola originated from a particular manufacturer/supplier in Canada, a request for a derogation to buy from a single source supplier was submitted before new visors for the existing helmets could be purchased.

#### TECHNICAL REASONS

For a project, community mapping was required to be carried out. The community mapping demanded highly advanced and durable GPS equipment, laptops and a graphic desktop with specific software for obtaining a correct result. As the required equipment were manufactured by one supplier only, and as such equipment would not have been able to be imported into the country - a request for a derogation to proceed with a Simple Procedure was sought for.

#### ETHICAL REASONS

In a Humanitarian Response project, there was a requirement for tents for a refugee camp for the value of EUR 12.000. After thoroughly having assessed the market, it was found that only one supplier of tents could provide evidence of not using child labour; thus narrowing the market to one single supplier only. A request for derogation to use the Simple Procedure was submitted and justified due to ethical reasons and the purpose of supporting the development of social responsibility among the suppliers.

#### SHORTFALL OR UNAVAILABILITY OF RESOURCES IN THE MARKET

After a thorough research, DCA concluded that the good quality vegetable seeds, befitting the soil in the project area for a Food Aid project were produced by one local supplier only. A request for derogation to proceed with a Simple Procedure was put forth.

#### COST OR DELAYS DUE TO TRANSPORT

In an ECHO project in Cambodia, a request for derogation to use Simple Procedure was submitted for the procurement of livestock of calves. For the sake of animal welfare and in order to avoid expensive transport costs to a wide geographic area, this livestock would be purchased from several suppliers, each with limited quantities of calves available.

#### NATIONAL LEGISLATION

For an ECHO project in Bangladesh, a competitive bid could not be conducted, due to the fertilizer supplier being appointed by the Government of Bangladesh. Derogation was granted from the Head of the Procurement and Logistics Unit based on national legislation.

#### 4.7.1 Automatic Derogation

In special cases an automatic derogation to negotiate with one single supplier/candidate is granted irrespective of the contract value. A prior approval from GLOL Oslo is required in order to ensure procedures are correctly followed and are in compliance with the relevant donor policies.

Follow the steps of a Simple Procedure as described in section 6.1 for Supplies, 7.1 for Services and 8.1 for Works (steps 2 and 3 are optional).

**NOTE:** A Purchase order shall always be placed for procurement above the value of EUR 2.000.

These special cases are restricted to and reserved for:

- a. Urgent operations. Urgent operations are those intended to meet immediate and unforeseeable humanitarian requirements generated by sudden natural or man-made disasters, such as floods, earthquakes and outbreaks of fighting or comparable situations. The concept of urgency also includes any situation, duly justified, in which the implementation of the humanitarian aid operation has to start immediately and the delay incurred by putting procurement Contracts out to tender would put lives at risk. The concept of urgency cannot be based on circumstances that can be attributed to the Contracting Authority. Delays in or lack of adequate planning on the part of the Contracting Authority do not constitute an urgent or unforeseeable need.
- b. Whenever no tenders or no suitable tenders/proposals/quotes have been submitted in response to a Negotiated or Open Tender Procedure after the initial procedure has been completed, provided that the original terms of the Contract are not substantially altered.
- c. Whenever, for technical or for reasons connected with the protection of exclusive rights, the Contract can be awarded only to a particular economic operator.
- d. For additional Contracts consisting of the repetition/renewal of services, works or supplies entrusted to a contractor awarded an earlier contract in the same region, provided that the terms of the original Contract are not substantially altered. The period elapsed from the award of the first Contract shall not be longer than one year. As a maximum contracts can be renewed twice on these grounds.
- e. For additional supplies, works and services not included in the initial Contract which, due to unforeseen circumstances, have become necessary for the performance of the humanitarian operation, provided that the aggregate amount of additional supplies, works or services does not exceed 50% of the value of the initial Contract.
- f. For Property Contracts (renting of property only), after prospecting the market.
- g. Contracts in respect of purchases on particularly advantageous terms, either from a supplier who is definitely winding up its business activities or from the receivers or liquidators of a bankruptcy, an arrangement with creditors, or a similar procedure.
- h. Purchases from Humanitarian Procurement Centres (see section 4.8.1).

The decision to use a Single Offer in these special cases shall be based on strong and convincing justifications. These justifications shall be documented and filed in the procurement file. If more restrictive procurement procedures are stipulated by a donor for urgent operations, they shall prevail.

## 4.8 CENTRAL BUYING OFFICES

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

When awarding a contract to a Central Buying Office it shall always be in accordance with the applicable procurement procedure for that particular Supply or Service Contract. Long term relationships with Central Buying Offices shall be established on the basis of a Framework Contract (For further information, see section 4.9)

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

The use of Central Buying Offices is often limited and related to the procurement of foods, pharmaceuticals and medical devices. For the procurement of these products it is strongly recommended that ECHO recognised Humanitarian Procurement Centres (HPC) are approached. This ensures that procurement of these products is as



safe and efficient as possible, and it simplifies procedures (When procuring from an HPC the Simple Procedure always applies).

#### 4.8.1 Humanitarian Procurement Centres

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

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

Please note that even though a recognised HPC assumes the responsibility of ensuring the required quality of products and respecting the appropriate procedures, it is always the responsibility of the Contracting Authority, via the contractual relation, to reassure that the HPC lives up to its responsibilities.

A register of ECHO validated HPCs is available through the DG ECHO website. <https://www.dgecho-partners-helpdesk.eu/>

#### Recommendation

It is strongly recommended to use HPCs for the procurement of medicine and medical devices.

#### Contract Category and Procurement Procedure

When procuring from an HPC the contract category depends on the object to be purchased. Whenever purchasing a product<sup>10</sup> e.g. a pharmaceutical product from an HPC, it is a Supply Contract and when purchasing a consultancy service, it is a Service Contract.

The HPCs have already been approved by ECHO to deliver quality products at competitive prices. Consequently, when placing orders with an HPC, the Simple Procedure always applies and the Contracting Authority is allowed to negotiate and sign a contract with a single HPC, irrespective of the contract value.

#### Contractual Relations

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

#### Entering a Contract with an HPC

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

- The HPC shall ensure the identification/breakdown of the different costs in the invoice.
- The HPC shall be able to certify that it is recognised as an HPC by ECHO and follow ECHO recognised procurement procedures.

<sup>10</sup> The HPC can either be stockholding or non-stock holding. In the latter case the HPC will be purchasing a product on behalf of the Contracting Authority. This is a Supply Contract.

- The HPC shall show compliance to international standards and quality assurances. This is a requirement for the procurement of pharmaceuticals, medical devices and food.
- The HPC shall immediately inform the Contracting Authority if a situation occurs where ECHO may cancel the registry of the Contractor as an approved HPC.
- Delay in shipment/demurrage charges as a result of missing documentation is the sole responsibility of the HPC, unless the delay is due to the fault of the Contracting Authority.
- Provide clear and thorough technical specifications and TOR's to the HPC.
- Avoid additional costs such as bank guarantees or payment interests as these are non-eligible costs.
- When awarding the contract, mention the source of funding.

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

## 4.9 FRAMEWORK CONTRACTS

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

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

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

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

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

### **Framework Contracts with a Single Contractor**

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

### **Framework Contracts with Multiple Contractors**

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

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

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

**Example: Applicable Procurement Procedure for a Framework Contract**

Entering a five year Framework Contract for agricultural tools within an estimated contract value of EUR 50,000 per year, the total value of the Contract is EUR 250,000, and the applicable procurement procedure is a Local Open Tender.

## 4.10 RUNNING COSTS

Running costs are in general defined as recurring purchases/costs, e.g. weekly or monthly costs, and are often related to office procurement. For running costs no procurement procedure applies, and purchases are not to be included in the Procurement Plan. Sound financial management shall however be applied, and the market shall be checked to ensure the principle of best quality and price. Proper documentation shall be filed at all times.

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

**Example:**

**Running Costs (No Procurement Procedure Applies)**

Rent of office buildings, coffee/tea/water, representation gifts, fuel, maintenance of existing vehicles/motorbikes/premises, repair of machinery, cleaning articles, electricity, newspapers/magazines/books, postage/ packing, copy paper, stationeries, insurance on e.g. warehousing, financial services (transfer charges, bank guarantees, etc.), accommodation, catering, internet connections, phone subscriptions, cleaning services, legal services, auditing services, repeated small amounts of medicine e.g. headache pills etc.

**Not a Running Cost (Procurement Procedures Apply)**

Phones/mobile phones, computers, vehicles, copy machines, vacuum cleaners, washing machines, furniture, etc.

As a general rule, if costs of supplies, services or works are to be charged as direct project costs, they should be considered as a procurement. For example, fuel to run a generator for pumping water at a project site; stationary such as flipcharts, pens, notebooks required for a workshop related to project activities.

If the costs are to be charged to the Country Office budget and not a specific project, they should be considered as a running cost. For example, fuel to run the office or residential generator; stationary for general office use.

If donor rules are stricter, they shall prevail.

## 4.11 ADVERTISEMENT AND SOURCING

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

### 4.11.1 Advertisement

At the beginning of the year or a project period, the Procurement Committee shall always ensure that a General Advertisement of Business Opportunities is published to inform the community and potential suppliers and contractors about the business opportunities offered in the project. This is mandatory irrespective of the different applicable procurement procedures (see GEN 8, Template for Advertisement of Business Opportunities and for Procurement of Medical Devices, SUP 11-3).

Advertisement helps the Procurement Committee to source new suppliers and contractors, and it will generate competition, as well as promote transparency and accountability. Advertisement shall be published in the relevant newspapers (which normally carry such notices), or suitable websites.

If newspapers, or other printed media, are not available or do not provide the best advertisement platform, a notice can also be posted on the internet, in a relevant trade journal, on a notice board in front of the office, at the market or in other relevant public places.

Reference should be made to procurement plans to determine the needs for a specific period.

All suppliers responding to the advertisement should be included on a supplier database. Inclusion on the supplier data base should not be limited to suppliers responding to the advertisement; suppliers can be added at anytime and from any source. When soliciting offers, RFQ/RFPs should be sent to all suitable suppliers as contained in the database. Supplier administrative compliance, such as company registration, tax registration, etc, will be checked at the time of evaluating offers.

**NOTE:** It is not acceptable procurement practice to charge a 'tender document fee', i.e. having tenderers pay for receiving the tender material. Neither should the award winning tenderer have to pay for any costs related to the tender process, such as an Advertisement of Business Opportunities.

Always carry out a small scale risk analysis on potential risks and suppliers' ethical business performance e.g. CSR policy, safety policy, standards/certifications (or lack of) etc. The findings can be used to set up ethical criteria's in the RFQ/RFP/Tender Dossier or technical specifications/TOR to address potential risks. (See section 1.2.1 for the implementation of the Ethical Procurement Principles).

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

In order to make future suppliers and contractors aware of the General Terms and Conditions (GTC) and Code of Conduct for Contractors it is recommended that these documents are made visible (e.g. on a notice board or the Contracting Authorities website).

### 4.11.2 Sourcing

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

#### **Internet**

Suppliers/candidates can also be found through the internet, or national portals. Contact the embassy(-ies) or representative(s). They will most likely have some useful internet addresses.

#### **Chamber of Commerce**

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

**Trade Organisations**

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

**References from other Organisations or Companies**

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

**Yellow Pages**

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

**Trade Fairs or Exhibitions**

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

**Supplier/Contractor Database**

Procurement offices shall establish a database of available suppliers/contractors for the various goods, services and works that are anticipated to be required to undertake project implementation. The database can include companies who have responded to the advertisement for business opportunities, or from other sources. The database must be updated regularly and new companies can be added at anytime. The database will be used when following Simple and Negotiated procedures. Note that a specific advertisement must be published for Local Open and International Open procedures.

**Sourcing of Suppliers of Medical Devices**

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

Requirements for suppliers of medical devices are described in 4.13.2, and the Template for Advertisement of Business Opportunities for Medical Devices is found in SUP 11-3.

**Ethical Considerations**

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

**Sourcing Challenges and Considerations**

When sourcing new suppliers and contractors in different contexts, different challenges occur. In some contexts, suppliers/candidates may not be familiar with the procurement process and this way of doing business. In this case it is important to ensure that they are informed about the process and ensure that they fill in all the required information in the RFP/RFQ/Tender Dossier, sign and stamp the relevant pages and submit their bid according to the described requirements. Supporting and capacity building potential suppliers/candidates in attending a tender process aims at promoting competition and equal opportunity and thus enable the Contracting Authority to obtain the best quality and value for money. One way of doing this is to submit a 'cover letter' with the RFQ/RFP in which the main requirements to filling in the form is highlighted (see GEN 1-2: Guidance Letter to Suppliers for an example of a cover letter). Another tool is to conduct vendor trainings where e.g. a Tender Procedure and affiliated requirements are covered. In some contexts, a consequence of not supporting suppliers/candidates in the process may be that the Contracting Authority does not obtain any valid quotes and thus run the risk of delaying projects activities. Always ensure that all contractors are treated equally and have access to the same information.

Another challenge may be that suppliers/candidates are not interested in participating in a tender procedure because they find it too complicated to submit a quote/proposal for a contract they consider to be of a very low

value to them. One way of dealing with this is to keep good contact with the suppliers/candidates and explain them why they should submit a quote/proposal/tender. This could also be done in a cover letter submitted with the RFQ/RFP/Tender Dossier.

When sourcing internationally, carefully consider what effects this may have on the project and if procurement should alternatively be carried out in a national context. E.g. consider if there is a risk of delays due to transport implications to a particular destination? Is there a risk of theft during transport or in the port/airport? What is the timeframe for getting the goods through customs? Is the necessary import permits and/or tax/vat exemption in place? Etc.

## 4.12 TECHNICAL SPECIFICATIONS AND TERMS OF REFERENCE

Technical Specifications and Terms of Reference (TOR) define the characteristics required of a product, service or works taking into consideration the purpose for which they are intended. Thorough preparation of the Technical Specifications for supplies and works or TOR for services is extremely important for the ultimate success of the project.

Poorly drafted Technical Specifications or TORs may result in inefficient repetition of procurement procedures which will delay implementation. It may also result in the receipt of inadequate or incorrect equipment or services which can reduce the quality of the projects.

In the process of preparing the Technical Specifications and TORs, it is advisable to consult all relevant parties involved in the project proposal as well as ensure the necessary assistance from the required technical experts. While Procurement personnel may be consulted in the preparation of Technical Specifications and TORs, requisitioners should be aware that the Procurement personnel will not necessarily be familiar with all requirements and that it is the responsibility of the requisitioning department to ensure full details are provided to the Procurement department.

### 4.12.1 Technical Specifications

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

Technical Specifications, including the characteristics and requirements related to a product or works includes requirements of:

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

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

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

#### **Examples: Technical Specifications**

##### **PROCUREMENT OF CEMENT**

For a project in Sri Lanka the following Technical Specifications were applied and information requested from interested suppliers.

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

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

##### **PROCUREMENT OF HOES**

For a project report no Technical Specifications were requested for a hoe (working tool). Even for a small item as a hoe it is important to describe the length, thickness, material of handle, material of the hoe.

The project ended up with hoes which were constructed of wood only (no metal parts) - as a result the hoes broke after being used only a few times.

#### **4.12.2 Terms of Reference**

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

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

Content of TOR:

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

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

## 4.13 PROCUREMENT OF MEDICINE AND MEDICAL DEVICES

Further information is available through “Provisions on medical and food supplies applicable to actions funded under the EU Humanitarian Partnership Certificate 2021 – 2027” <https://www.dgecho-partners-helpdesk.eu/download/referencedocumentfile/216>

Procuring medicine and medical devices is complex, time consuming and requires knowledge of the market, the products required, the national drug regulatory system, occurrence of counterfeits, as well as knowledge on pre-certification<sup>11</sup> and pre-qualification requirements. It is very important to obtain such knowledge at the project planning phase in order to be able to plan the purchases correctly, ensure purchase of high quality products and to meet donor rules and requirements. Lack of knowledge and timely planning may result in delays or cancellation of activities, the purchase of counterfeits – with the risk of endangering beneficiaries’ lives, wasted time and money, and cost being declared ineligible by donor. Thus, it is very important to set aside time to obtain the required information and ensure thorough procurement planning at the planning phase of a project. It should not be postponed until the implementation phase.

At all times, the aim of procuring medicine and medical devices is to ensure high quality products which are genuine, effective and safe for patients. Quality shall always be the number one priority when procuring medicine and medical devices. Careful consideration should be given to expiry dates to ensure stocks are used within their shelf-life period. To ensure procurement of high quality and genuine products the starting point is always to appoint an ECHO recognised Humanitarian Procurement Centre (HPC), when available.

### Humanitarian Procurement Centres

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

### Pre-certification of Candidates and Pre-qualification of Products

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

### Counterfeits

The biggest threat to purchasing safe quality products is counterfeit (and sub-standard<sup>12</sup>) medicine and medical devices. Counterfeits are an immense problem globally, but most common in developing countries and according to WHO about 100,000 deaths a year in Africa alone are linked to the trade in counterfeit medicines<sup>13</sup>. WHO defines a counterfeit medicine as a medicine *"which is deliberately and fraudulently mislabelled with respect to identity*

<sup>11</sup> Pre-certified refers to a pre- approved supplier. A supplier is considered pre-certified when he/she has demonstrated to an international recognised certification body that its premises and facilities meet internationally recognised standards (based on WHO norms and standards), and that products are pre-qualified (based on WHO norms and standards) by an international recognised certification body.

<sup>12</sup> See <http://www.who.int/medicines/services/counterfeit/faqs/06/en/index.html> for the definition of a substandard medicine.

<sup>13</sup> <http://www.un.org/africarenewal/magazine/may-2013/counterfeit-drugs-raise-africa%E2%80%99s-temperature>



and/or source. Counterfeit medicine can apply to both branded and generic products and counterfeit products may include products with the correct ingredients or with the wrong ingredients, without active ingredients, with insufficient active ingredients or with fake packaging<sup>14</sup>. Counterfeits are prevalent across all categories of medicine and medical devices, ranging from cough medicine and headache pills to vaccines, controlled medicines, syringes or electrical equipment. Due to counterfeit failure to provide treatment, direct harming ability and the development of drug resistance, counterfeits and sub-standard products pose a genuine threat to recipients' lives and public health in general. Counterfeit medicines and medical devices are widespread in the medical market and especially in developing countries. Certain States' weak and inadequate regulatory control systems, high levels of corruption and low law enforcement capacity, enables counterfeits to enter the distribution channels at no risk. In some developing countries, counterfeit medicines make up 50% of the market and up to 85% for specific product categories<sup>15</sup>. In countries with high levels of corruption, it is likely that counterfeits enter the market even though the National Drug Regulatory Authority<sup>16</sup> is recognised as a stringent regulatory authority who officially apply WHO norms and standards when pre-certifying candidates and pre-qualifying medical products. Appointing a HPC reduces the risk of purchasing counterfeits significantly.

Read more about counterfeits: <http://www.africanliberty.org/pdf/Keepingitreal.pdf> and [http://www.who.int/medicines/services/counterfeit/impact/ImpactF\\_S/en/](http://www.who.int/medicines/services/counterfeit/impact/ImpactF_S/en/)

#### **Large Scale Counterfeit Seize in Africa**

In April 2013 a large scale operation to combat counterfeit medicine was carried out in 23 countries in Africa. During the operation 1 billion counterfeit medicines (in 145 containers) with a market value of 300 million US dollars was seized and removed from the market. In Kinshasa, Democratic Republic of Congo, 10 tons of counterfeit medicine was seized during the operation. The 10 tons of counterfeit medicines would have been distributed to two thousand unlicensed retail pharmacies and five thousand pharmacists in Kinshasa – posing a significant threat to the health and wellbeing of the Congolese people<sup>17</sup>.

#### **Safe Disposal of Medicines and Medical Devices**

Recalled, damaged, unwanted or expired medicines (incl. veterinary medicines) or medical devices shall always be disposed of in a safe and appropriate manner, which lives up to national regulations and international best practices. Medicine shall always be treated as pharmaceutical waste and not as regular waste. Some medical devices can be recycled or treated as regular waste.

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

Read more about what medical products are considered pharmaceutical waste and to be disposed of via official channels, and what products can be recycled or treated as regular waste in the WHO guideline (section 3.4 - 3.7): [http://www.who.int/water\\_sanitation\\_health/medicalwaste/unwantpharm.pdf](http://www.who.int/water_sanitation_health/medicalwaste/unwantpharm.pdf)

<sup>14</sup> <http://www.who.int/medicines/services/counterfeit/overview/en/>

<sup>15</sup> World Health Organization (2006:3); "Combating counterfeit drugs: A concept paper for effective international cooperation,"

<sup>16</sup> A National Drug Regulatory Authority is a general term used to refer to an authority under the Ministry of Health which is responsible for the regulation and administration of the laws on medicines and medical devices.

<sup>17</sup> [congohealth.org](http://congohealth.org) and [asrames.com](http://asrames.com)

Please note that some expired or damaged medicine and medical devices are considered hazardous waste when transferred across borders and are regulated under the Basel Convention on the Control of Trans boundary Movements of Hazardous Wastes and their Disposal<sup>18</sup>.

#### 4.13.1 Procurement of Medicine

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

The procurement of medicine is complex and time consuming and requires thorough planning and adherence to a strict procurement procedure during implementation. For the planning and implementation of procurement of medicine, it is mandatory to follow the step guide in SUP 11-1, the contents of which both requisitioning departments and Procurement staff should be familiar with in order to fully understand the complexities relating to the procurement of medicine. .

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

#### 4.13.2 Procurement of Medical Devices

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

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

To find out if a product is defined as a medical device, it is possible to consult the FDA medical device database: <http://www.accessdata.fda.gov/scripts/cdrh/cfdocs/cfPCD/PCDSimpleSearch.cfm>. The database is administrated by the US Food and Drug Administration and uses internationally agreed descriptions of medical devices from the Global Medical Device Nomenclature (GMDN) system.

Like procurement of medicine, the procurement of medical devices is complex, time consuming and requires thorough planning and adherence to a strict procurement procedure during implementation. It is mandatory to follow the step guide in SUP 11-2 for the planning and implementation of procurement of medical devices the contents of which both requisitioning departments and Procurement staff should be familiar with in order to fully understand the complexities relating to the procurement of medical devices..

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

#### 4.13.3 Procurement of Veterinary Medicine

Subject to the national veterinary drug regulations the Procurement Committee shall strive to assure best veterinary practices<sup>19</sup> and that product(s) comply with international standards on safety, quality and efficacy for veterinary medicine. This is to protect the health of both animals and consumers of animal products and meat. Please be aware that the risk of purchasing counterfeit veterinary medicines is high in developing countries.

It is recommended to consult a veterinary practitioner or qualified animal welfare expert when procuring veterinary medicines.

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<sup>18</sup> <http://www.basel.int/Home/tabid/2202/mctl/ViewDetails/EventModID/8295/EventID/443/xmid/8052/Default.aspx>

<sup>19</sup> <http://www.fve.org/news/publications/pdf/gvp.pdf>

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

To ensure the procurement of genuine and safe products the suppliers shall as a minimum be registered with the relevant regulatory authority<sup>20</sup> and the product shall be licenced by this authority. As a minimum, the following certificates shall be obtained:

- Proof of valid registration with the regulatory authority
- Valid marketing authorisation or product licence from the regulatory authority for the product offered.

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

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

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

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

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

#### **Fatal Consequences of Purchasing Veterinary Counterfeits**

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

## **4.14 PROCUREMENT OF FOOD**

Further information is available through “Provisions on medical and food supplies applicable to actions funded under the EU Humanitarian Partnership Certificate 2021 – 2027” <https://www.dgecho-partners-helpdesk.eu/download/referencedocumentfile/216>

The following special procurement rules and procedures applicable for the procurement of food are only applicable when food belongs to the category of food for human consumption (fresh and dry food)<sup>21</sup>. Included in this food category are also fortified products such as fortified or high calorie foods for prevention or avoidance of malnutrition.

### **Sourcing of Food Suppliers**

Whenever possible and pertinent, procurement of food in the country of operation or neighbouring countries shall be given priority. It is vital to consider the context in which the action is implemented and to make sure that the procurement does not disturb the regional markets significantly.

Prior to the procurement of food aid, it is vital to acquire evidence based on regional market analysis that regional procurement will not induce market distortions that could adversely affect vulnerable populations. Additionally, the food products shall as much as possible match the nutritional habits of the beneficiary population.

### **Quality and National Legislation**

<sup>20</sup> In most countries the regulation of veterinary medicines is under the National Drug Regulatory Authority.

<sup>21</sup> The purchase of commodities such as wheat or corn/maize intended for agricultural purposes or for animal consumption is to be done in accordance with the general applicable rules and procedures. Note that USAID have special requirements on this issue.

The characteristics of the products and their packaging shall respect quality standards laid down in the national legislation of the country of origin and/or the country of destination whichever legislation has the higher quality standard. Where legislation does not exist, internationally recognized standards such as Codex Alimentarius<sup>22</sup> could be taken as reference to the extent possible.

### **Procurement of Fresh Food**

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

Note that this flexibility in dividing procurement into several lots does not apply to the purchase of other types of food e.g. canned food, dry food, precooked food etc.

### **Specifications in the RFQ or Tender Documents**

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

- The net weight and cubic of the lots.
- The proposed price per net metric tonne of the product at the place of delivery.
- When of relevance, the transport costs from the place of loading to the place of delivery.
- The net quantity of the products offered shall be specified by the supplier.
- The delivery deadline/timeframe e.g. where storage facilities at the delivery place are only available from a certain date
- The accepted deviations in weight, quality and quantity and procedures for establishing reductions of price if accepted deviations is exceeded or if supplies is delivered after the agreed delivery date. Establish conditions for deliveries beyond the contracted delivery date or period.
- When required, apply the contractual Incoterm and the applicable Incoterm edition. When the Incoterm, specified in the Tender Notice, obliges the supplier to take out a transport insurance policy, this insurance shall be for at least the awarded contract amount and shall cover all risks associated with carriage.
- Requirements to packaging and marking.
- Expiry date/shelf life. Keep in mind that national authorities often impose restrictions on minimum shelf life when importing food from international markets.

### **Procurement of Food above EUR 300,000**

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

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

### **Buying from an HPC**

When procuring food from an ECHO recognized HPC, the HPC assumes the responsibility of ensuring the required quality and respecting the appropriate procedures. However the relationship shall always be monitored to reassure that the HPC lives up to its contractual responsibilities. When appointing a HPC the Simple Procedure applies and the Contracting Authority is allowed to negotiate with a single HPC, irrespective of the contract value. The HPCs

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<sup>22</sup> <http://www.fao.org/fao-who-codexalimentarius/standards/en/>

have already been approved by ECHO to deliver quality products at competitive prices (for more information on HPCs, see section 4.8.1).

### **Therapeutic Food**

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

Therapeutic food to address acute malnutrition is considered Medical Supplies and shall be procured according to the special rules and procedures for Medical Supplies (see section 4.13.1).

### **Safe Disposal of Damaged Food Commodities**

The necessity for the disposal of food commodities should be avoided to the maximum extent possible. Great care must always be exercised to ensure food stocks are correctly managed and remain fit for consumption. This includes during both transportation and storage. Food stocks should not be permitted to reach their expiry date. In a global environment where wastage of any commodities is becoming less acceptable, the need for destruction of commodities that could otherwise have served their purpose if correctly managed, is unacceptable.

Notwithstanding the above, there may be occasions where the requirement for the destruction of food commodities becomes unavoidable. In such cases, the following policies should be followed. However, final disposal of any food commodities must always be done in compliance with any local legislation.

Immediately upon detecting food commodities are spoiled, damaged, contaminated or expired, they should be separated from other stocks to prevent unintended distribution or cross contamination.

Take any necessary measures to prevent a repetition of damage occurring to other stocks. If food commodities are infested, they should be covered to minimise the risk of the infestation spreading to other stocks.

Record these stocks in the stock report/ledger and keep separate stock/bin cards.

If stocks can be recovered through reconditioning, repackaging or fumigation, this should be done at the earliest opportunity and the stocks moved back into the general store for distribution.

Have a sample of any unrecoverable or expired stock tested to determine whether or not it is fit for human consumption. If the results of testing indicate the food is fit for consumption, consult with relevant local authorities and arrange priority distribution.

Stock that is unfit for human consumption and requires disposal should be reported to the Country Office, donor and local authorities, if appropriate.

Arrangements for disposal should be made as soon as possible. Food should be burned or buried. If suitable landfill facilities are available, these may be used as an alternative.

To prevent unauthorised persons attempting to recover the food after disposal, it must be made unusable if being buried or placed in landfill. This can be done by covering with waste oil or other liquid but taking into consideration environmental responsibilities.

Any method of disposal must be done in the most transparent, cost-effective and environmentally responsible manner.

Disposal should be organised and overseen by responsible personnel from NCA and any other relevant bodies such as local authorities. Video or photographic evidence may be taken to verify destruction. If possible, obtain a certificate of destruction.

If food commodities deemed unfit for human consumption are to be used for other purposes such as animal feed, strict control measures must be put in place to ensure the commodities do not find their way back to markets for consumption. The type of measures will depend on the local context.

Adjust stock records only after final destruction or disposal to ensure accountability of damaged stocks.

## 5 PROCUREMENT DOCUMENTATION

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

Sound management of procurement documentation begins at the project outset and ensures that all procurement is well documented throughout the entire project period. Use of NCA Procurement Document Templates found in the Annexes to this Manual is mandatory, although they may be modified to suit local requirements. However, please note that the General Terms and Conditions and the Code of Conduct for Contractors may not be modified without prior consultation with GLOL as these documents contain critical legal conditions and information that NCA is obliged by donors to communicate to suppliers.

### 5.1 PROCUREMENT FILES

Keeping proper record of all relevant procurement documentation from the outset of a project is a vital part of procurement. The procurement files are the main tool for this, and it is the responsibility of the Procurement Committee to maintain proper compiling and record keeping of procurement documents as per the below instructions. Procurement files with original documents will be maintained by the Finance Department, who will also ensure files are electronically archived. The Logistics Department will maintain copies of all documentation either in hard copy or electronically. Moreover the Procurement Committee shall decide upon the location of the physical procurement files during the project period and after receipt of the final payment, keeping in mind the accessibility and safety of the files in case of an audit.

Some donors require files to be kept in both physical and electronic/scanned files. For all procurement (Supply, Service and Works), procurement files shall be compiled with the below listed documentation (as well as any additional relevant documentation). Annexes GEN 18-3, 18-4 and 18-5 should be used as a cover page to each individual procurement file to provide a checklist of the necessary documentation.

#### **General Procurement File**

- Application (Contract Award)
- Procurement Committee Terms of Reference
- Procurement Plan, updates and budget
- Donor communication (procurement related - e.g. derogations and VAT issues)
- Signed Declaration of Impartiality and Confidentiality
- Advertisement of Business Opportunities and supplier responses

#### **Simple Procedure Procurement File**

- Simple Procedure Quotation form/Copy of procurement request/RFP (optional)
- Quotations
- Evaluation/justification for selection of Contractor
- Purchase Order/Contract (optional below EUR 2,000)
- Invoice
- Shipping Documents
- Proof of Receipt

#### **Negotiated Procedure Procurement File**

- List of Suppliers/Candidates
- Copy of RFQ/RFP
- Quotations
- Evaluation Grid
- Purchase Order/Contract
- Letter to Unsuccessful Suppliers/Candidates
- Invoice

- Shipping Documents
- Proof of Receipt
- Award Notice (for contracts above EUR 30,000)

**Open Tender Procurement File**

- Tender Dossier
- Tender Notice
- List of Suppliers/Candidates and Tender Receipt Form
- Questions and Answers
- Tender Opening Checklist, List of Participants, Tender Opening Form
- Tender Bids
- Evaluation Grid and Report
- Contract, Letter of Acceptance
- Letter to Unsuccessful Suppliers/Candidates
- Invoice
- Shipping Documents
- Proof of Receipt
- Award Notice

**NOTE:** Whenever a procurement procedure has multiple orders or deliveries, please prepare a reconciliation sheet, which lists all the invoices, goods receipt, notes, payments etc. for that particular procedure.

For all procurement procedures it is recommended that the procurement responsible keeps a 'logbook' on the procurement process (on the steps that has been undertaken, challenges, delays, etc.). This enables the Procurement Committee, the procurement responsible and future auditors to track the procurement process for each purchase.

**Procurement Monitoring**

At any stage during the project period it may be pertinent to carry out procurement monitoring in order to ensure that all the relevant procurement documentation is in place and properly filed (see GEN 18). This template is a practical tool to identify what documentation is accessible, what is missing, what needs to be followed up on and to identify irregularities that need to be corrected.

**Payment of Invoices**

The Finance Department has the responsibility of paying invoices. Invoices should be paid in a timely manner and avoid any unnecessary delays. This is important to maintain good relationships with our suppliers. It is essential that the Finance Department thoroughly check all procurement documentation prior to making payments to ensure there are no errors in calculation, that all documentation is included and correctly completed with all necessary signatures, and to ensure the correct procurement procedures have been completed. This implies that Finance Staff responsible for making payments are well versed in procurement procedures.

**Distribution/Attendance Lists**

Whenever commodities are distributed to beneficiaries, detailed lists of recipients should be maintained. Similarly, any training events, workshops, seminars, etc where costs such as venue hire, catering, allowances, etc, have been incurred, detailed lists of participants should be maintained.

## 5.2 PROCUREMENT FINALISATION

**Final Procurement Plan**

Upon procurement completion and before finalisation of the Final Donor Report, the Procurement Committee shall ensure that the Procurement Plan is updated and harmonized with the Final Narrative and Final Financial Report i.e. the Donor Reporting Columns in the Procurement Plan shall be filled in with the information on the actual procurement. This information may differ from what was initially planned which is not uncommon. In this way the



final Procurement Plan will reflect the planned procurement as well as the actual procurement and will thus demonstrate the changes made during the project period.

**Storage of Procurement Files**

The Procurement Committee shall ensure that all procurement documentation are kept for at least ten years after the closure of the project and ensure that the files are kept in a safe and accessible place, ready for audit. Some donors require files to be kept in both physical and electronic/scanned files.

## 6 SUPPLY CONTRACTS

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

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

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

### Ethical Considerations

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

### 6.1 THE SIMPLE PROCEDURE

The Simple Procedure is the simplest procurement procedure. This procedure is, as a general rule, applicable within the threshold EUR 0 - 9,999. In special cases, described in section 4.7.1 the Simple Procedure can be applied for procurement above EUR 9,999.

The Simple Procedure does not require more than one quotation to be collected. It is though important to stress that the price shall correspond with the present market price or lower. This shall always be justified and filed in the procurement file. To prove that the price corresponds with the market price, you can e.g. search the internet, refer to recent contracts, or obtain three non-written or written quotations. Please ensure that verbal prices are captured in a Note to File kept in the procurement file.

An advertisement on business opportunities is mandatory and shall be posted in the newspaper, on a notice board or in other public places before the Procurement process is initiated. This advertisement is published in the beginning of a project and may also contain information on other business opportunities related to the project (for more information on advertisement of business opportunities, see section 4.11.1).

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

**NOTE:** Special requirements exist for the purchase of pharmaceuticals and medical devices (see section 4.13).

### Purchase Order/Supply Contract below EUR 2,000

A purchase order shall always be issued for procurement above the value of EUR 2,000. For procurement below EUR 2,000 it is optional to issue a purchase order but an invoice shall in all cases be received and filed. As this lower boundary allows for more flexibility in issuing purchase orders under the value of EUR 2,000 it is important to be aware of the risks involved. In order to minimise risks and ensure that suppliers are aware of the GTC and Code of Conduct for Contractors, it may in some contexts be advisable to issue a purchase order, even for purchases of a value less than EUR 2,000. Please ensure that this does not conflict with donor requirements.

#### The steps involved in the Simple Procedure for Supply Contracts

Step	Task	Description	Annex
1	Technical specifications	Identify the specifications of the item(s) to be procured.	GEN 7-3: Purchase Request
2	Request for Quotation (RFQ)	Collect a minimum of three quotations/prices.	SUP 1: Simple Procedure Quotation Form
3	Evaluation	Evaluate quotations/prices and select the best offer.	SUP 4: Evaluation Grid for Negotiated Procedure GEN 15-5:: Evaluation Grid Price Comparison (Optional)
4	Anti-Terrorism Screening	Screen winning contractor and record Transaction ID number in Annex GEN 18-3	GEN 18-3: Index Simple Procedure Procurement File
5	Purchase Order	Issue the Purchase Order.	SUP 6: Purchase Order (Optional below EUR 2,000)
6	Receipt and Inspection	Inspect that supplies received comply with the Purchase Order. Sign and file a proof of receipt/delivery note.	

#### Step 1: Technical Specifications

Identify the resources to be purchased from the Procurement Plan. Identify and draft the technical specifications (section 4.1, step 1). Clearly defined technical specifications are important to enable suppliers to plan ahead and provide feedback. Ensure that all required import permits are available.

**NOTE:** If a supplier has been requested to provide assistance and input to the technical specifications, they may not submit an offer under that particular purchase.

#### Step 2: Request for Quotation

Approach the supplier(s) for a written or non-written quotation, search the internet for the best price and quality or refer to recent purchase orders to ensure that the price corresponds with the present market price or lower. The obtained prices/quotations shall be documented and filed in the procurement file. The advantage of using the Simple Procedure Quotation Form (SUP 1) is that it prevents misunderstandings and ensures that all the required information is obtained in one go. The written form also provides an opportunity to specify ethical criteria for the contract via the technical specifications/TOR or contract conditions (which can be proved via the provision of certain certifications/standards or equivalent proof of compliance). If a non-written quotation is obtained the Procurement Committee shall make a written note of the price, name of supplier, contact person, description of goods or picture and note the date. This note

shall be filed in the procurement file. At this stage, it is also important to communicate the ethical principles and standards to the suppliers.

### **Step 3: Evaluation**

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

### **Step 4: Anti-Terrorism Screening**

Carry out Anti-Terrorism Screening against the winning contractor and record the screening tool Transaction ID number on GEN 18-3: Index Simple Procedure Procurement File.

In general, screening must be carried out against:

- Name of the business
- The person who acts as the day-to-day manager of the business
- The person who owns or controls the business

The exact names of these posts will often vary, and it may not always be easy to find out or verify who does what. The vetting must be done before a purchase is made or a contract entered into.

Further information on NCA screening policies can be found in the NCA Operations Manual Attachment.

### **Step 5: Purchase Order/Supply Contract**

After selecting the best offer a purchase order shall be issued by the Procurement Committee (SUP 6). Check if the Purchase Order has to be adapted to national legislation, traditions or requirements, as appropriate. Never delete or make alterations to the GTC. Incorporate in the Contract all agreements reached with the selected Supplier.

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

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

- That adequate and exact reference is made in the Purchase Order to the relevant RFQ (or the supplier's quotation).
- That the Supplier acknowledges the GTC and the Code of Conduct for Contractors without exceptions or amendments.
- For new suppliers - make sure that sufficient references and company data has been collected, or preferably that a Contractor Registration Form has been submitted by the Supplier and that the supplier has been properly registered and is entitled to operate within its field in accordance with national legislation. .

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

### **Step 6: Receipt and Inspection**

Inspect the supplies received to ensure they comply with the Purchase Order. The Contracting Authority shall follow up on the timely delivery and satisfactory quality of the received supplies and take remedial

measures to mitigate any negative consequences for the beneficiaries, caused by late delivery and/or shortfall in the agreed quantity and quality. Proceed as described in section 6.5.

**The Simple Procedure applied in special cases to contracts above EUR 9,999**

In special cases an automatic derogation is granted to apply the Simple Procedure for contracts above EUR 9,999 – irrespective of the contract value. A prior approval from GLOL Oslo is required for derogations. See section 4.7.1 for restrictions and the situations this is reserved for.

**Annexes for Supply Contracts when applying Simple Procedure (to be downloaded from the manual website)**

GEN 2	Declaration of Impartiality and Confidentiality	Mandatory
SUP 1	Simple Procedure Quotation Form	Optional
SUP 4 & GEN 15-5	Evaluation Grid for Negotiated Procedure	Optional
SUP 6	Purchase Order	Mandatory (Optional below EUR 2,000)

## 6.2 THE NEGOTIATED PROCEDURE

The Negotiated Procedure is more formal than the Simple Procedure. This procedure is applicable within the threshold EUR 10,000 – 149,999. It requires that a minimum of three suppliers are invited simultaneously to submit a quotation based on a RFQ. The Contract shall be awarded to the most compliant supplier. A public award notice is mandatory for contracts above EUR 30,000. Letters to all unsuccessful suppliers shall be submitted.

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

An advertisement on business opportunities is mandatory and shall be posted in the newspaper, on a notice board or in other public places before the procurement process is initiated. This advertisement is published in the beginning of a project and may also contain information on other business opportunities related to the project (for more information on advertisement of business opportunities, see section 4.11.1).

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

**NOTE:** Special requirements exists for the purchase of pharmaceuticals and medical devices, and food (see section 4.13. and 4.14).

### The steps involved in the Negotiated Procedure for Supply Contracts

Step	Task	Description	Annex
1	Technical specifications	Identify the specifications of the item(s) to be purchased.	GEN 7-3: Purchase Request SUP 2: Request for Quotation
2	Short list of a minimum of 4-8 suppliers	Use the available databases or internet to source new suppliers.	GEN 13: List of Suppliers/Candidates and Tender Receipt Form
3	Request for Quotation (RFQ)	Prepare the RFQ and submit it simultaneously to all selected suppliers.	SUP 2: Request for Quotation
4	Evaluation	Evaluate quotations in writing by using the Evaluation Grid.	SUP 4: Evaluation Grid for Negotiated Procedure GEN 15.1 Evaluation Grid Price Comparison (Optional)
5	Negotiation (optional)	There is an option to negotiate the terms. Rules are described further in this chapter.	
6	Anti-Terrorism Screening	Screen winning contractor and record Transaction ID number in Annex GEN 18-4	GEN 18-4: Index Negotiated Procedure Procurement File
7	Final evaluation and Purchase Order	After final evaluation the Purchase Order shall be completed and sent to the successful supplier.	SUP 6: Purchase Order
8	Letter to unsuccessful suppliers	Unsuccessful suppliers shall be notified of the result of the procedure.	SUP 8: Letter to Unsuccessful Suppliers
9	Award Notice	To be published in a suitable procurement media.	GEN 17: Award Notice (Optional below EUR 30,000)
10	Receipt and Inspection	Inspect that the supplies received comply with the Purchase Order. Sign and file the proof of receipt/delivery note.	

#### Step 1: Technical Specifications

Identify the resources to be purchased from the Procurement Plan. Identify and draft the technical specifications (see section 4.1, step 1). Clearly defined technical specifications are important to enable suppliers to plan ahead and provide feedback. Ensure that all required import permits are available.

**NOTE:** If a supplier has been requested to provide assistance and input to the technical specifications, they may not submit an offer under that particular purchase.

#### Step 2: Short List

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

As an option, databases can be used to identify suppliers. When sourcing new suppliers, it is recommended to obtain general information on sector and country specific ethical risks (for more information on how to source new supplier, see section 4.11.2).

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

### Step 3: Request for Quotation (RFQ)

Thoroughly prepare the RFQ, and approach the suppliers for a proposal. The RFQ shall be forwarded simultaneously (same day) to all the shortlisted suppliers. This is to ensure that all suppliers are given an equal amount of time to prepare and submit their offer. At this stage, it is important to communicate the ethical principles and standards to the suppliers.

One way of ensuring supplier response, is to submit a cover letter together with the RFQ, in which the main requirements to filling in the form is highlighted (see GEN 1-1 Guidance letter to Suppliers for an example of an RFQ cover letter).

When preparing the RFQ, decide on:

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

#### **Follow up on submission of the RFQ**

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

### Step 4: Evaluation

Upon receipt of the quotations, register the time when the offers were received and carry out the evaluation utilising the Evaluation Grid (SUP 4 and GEN 15.1). Please note that suppliers who have not submitted their quotation before the deadline shall not be considered.

For comparison and evaluation of the quotations, the Procurement Committee shall take into consideration the technical specifications entered in the RFQ (SUP 2).

The Procurement Committee may adjust the pre-printed sample evaluation criteria contained in the template and shall adapt the Evaluation Grid accordingly (SUP 4 and GEN 15.1).

**Recommendations on Evaluation Challenges****PRICES ARE TOO HIGH**

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

**LESS THAN THREE QUOTATIONS ARE RECEIVED**

If less than three quotations have been received, and if some suppliers have declined to submit a quotation, it is allowed to proceed with the best offer provided so that the General Procurement Principles are met. E.g. it shall be ensured that all suppliers have been given sufficient time to submit a quotation, that all suppliers have acknowledged the receipt of the RFQ, and all suppliers who have submitted a letter of interest are invited. If it is not possible to find a minimum of three qualified suppliers in the market, it is important to survey broader e.g. markets in neighbouring districts and countries (see section 4.11.2 for how to source new suppliers). Lack of suppliers in the regional market is not sufficient grounds for proceeding with less than three quotations. A market survey would reveal this fact during the planning stage and derogations from Negotiated Procedure to Simple Procedure may be requested.

**Step 5: Negotiation (Optional)**

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

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

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

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

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

**Step 6: Anti-Terrorism Screening**

Carry out Anti-Terrorism Screening against the winning contractor and record the screening tool Transaction ID number on GEN 18-4: Index Negotiated Procedure Procurement File.

In general, screening must be carried out against:

- Name of the business
- The person who acts as the day-to-day manager of the business
- The person who owns or controls the business

The exact names of these posts will often vary, and it may not always be easy to find out or verify who does what. The vetting must be done before a purchase is made or a contract entered into.



Further information on NCA screening policies can be found in the NCA Operations Manual.

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

The Purchase Order shall be awarded to the best and most compliant supplier, i.e. the supplier who is substantially responsive to the RFQ, is technically compliant, and who has offered the best quality and price, provided further that the Supplier has demonstrated the capability and resources to carry out the Contract effectively.

The Purchase Order is to be issued by the Procurement Committee (SUP 6). Check if the Purchase Order has to be adapted to national legislation, traditions or requirements, as appropriate and incorporate all agreements reached with the selected Supplier. Never delete or make alterations to the GTC.

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

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

- That adequate and exact reference is made in the Purchase Order to the relevant RFQ.
- That the Supplier acknowledges the GTC and the Code of Conduct for Contractors without exceptions or amendments.
- For new suppliers - make sure that sufficient references and company data has been collected, or preferably that a Contractor Registration Form has been submitted by the Supplier and that the supplier has been properly registered and is entitled to operate within its field in accordance with national legislation.

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

#### **Step 8: Letter to Unsuccessful Suppliers**

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

#### **Step 9: Award Notice**

The purpose of a public announcement is to meet the principle of transparency with the added benefit of attracting new suppliers. Thus the award notice is useful and recommended for all contracts.

For contracts above 30.000 EUR, it is mandatory to publish award notices in a suitable media where suppliers will notice the information and on the Contracting Authority's website (GEN 17).

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

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

#### **Step 10: Receipt and Inspection**

Inspect that the supplies received comply with the Purchase Order. The Contracting Authority shall follow up on the timely delivery and satisfactory quality of the received supplies and take remedial measures to

mitigate any negative consequences for the beneficiaries, caused by late delivery and/or shortfall in the agreed quantity and quality. Proceed as described in section 6.5.

**Annexes for Supply Contracts when applying Negotiated Procedure (to be downloaded from the manual website)**

GEN 2	Declaration of Impartiality and Confidentiality	Mandatory
GEN 13	List of Suppliers/Candidates and Tender Receipt Form	Mandatory
SUP 2	Request for Quotation	Mandatory
SUP 4	Evaluation Grid for Negotiated Procedure	Mandatory
GEN 15.1	Evaluation Grid Price Comparison	Optional
SUP 6	Purchase Order/Supply Contract	Mandatory
SUP 8	Letter to Unsuccessful Suppliers	Mandatory
GEN 17	Award Notice	Mandatory (Optional below EUR 30,000)

### 6.3 THE LOCAL OPEN TENDER PROCEDURE

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

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

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

An advertisement on business opportunities is mandatory and shall be posted in the newspaper, on a notice board or in other public places before the procurement process is initiated. This advertisement is often published in the beginning of a project and may also contain information on other business opportunities related to the project (for more information on advertisement of business opportunities, see section 4.11.1).

As the commercial risks for high value purchases are increased, consider the use of Prepayment, Tender and Performance guarantees (for more information on financial guarantees, see section 9.3).

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

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

<b>Step</b>	<b>Task</b>	<b>Description</b>	<b>Annex</b>
1	Technical specifications	Identify the specifications of the resources to be procured.	GEN 7-3: Purchase Request SUP 3: Tender Dossier
2	Tender Dossier	Issue the Tender Dossier with special attention to the technical specifications, special requirements, time schedule, and award criteria.	SUP 3: Tender Dossier
3	Tender Notice	Specify the main content of the Tender Dossier in the Tender Notice and publish it in a suitable procurement media. The deadline shall not be less than 21 days from the date of the advertisement. The Tender Dossier shall be available on the date of the advertisement.	GEN 11: Tender Notice
4	Submission of Tender Dossier	A record of the date of submitting the Tender Dossier and to who shall be drafted. Each Tenderer shall be identified with a number. If clarifications/amendments to the Tender Dossiers are needed, all potential tenderers shall receive a copy of the questions and answers simultaneously.	GEN 13: List of Suppliers/Candidates and Tender Receipt Form GEN 14: Question and Answers
5	Receiving Tenders	For each tender received, the date and time of receipt shall be registered. All received tenders shall be kept unopened in a secure place until the tender opening.	GEN 13: List of Suppliers/Candidates and Tender Receipt Form
6	Tender Opening	Tenders shall 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.	GEN 15-1: Tender Opening Checklist GEN 15-2: List of Participants GEN 15-3: Tender Opening Form
7	Administrative Compliance	Post qualification of tenderers shall be performed after the tender opening (tenderers shall not be present).	SUP 5: Evaluation Grid for Open Tender Procedures
8	Evaluation	Evaluate tenders in writing by using the Evaluation Grid. Tenders which have passed the post qualification are subject to evaluation by each member of the Procurement Committee.	SUP 5: Evaluation Grid for Open Tender Procedures GEN 15.5 Evaluation Grid Price Comparison (Optional)
9	Evaluation Meeting	Discuss the evaluation and select a tenderer. Draft a report of the evaluation identifying clearly which evaluation criteria the successful Tenderer was superior in and why.	GEN 15-4: Evaluation Report for Open Tenders
10	Anti-Terrorism Screening	Screen winning contractor and record Transaction ID number in Annex GEN 18-5	GEN 18-5: Index Open Tender Procedure Procurement File

11	Contract <sup>23</sup> and Letter of Acceptance	Prepare the Contract in accordance with the draft in the Tender Dossier and submit the letter of acceptance with the Contract. Invite the Tenderer to sign the Contract.	SUP 3: Tender Dossier GEN 16: Letter of Acceptance
12	Letter to unsuccessful suppliers	Unsuccessful tenderers shall be notified of the result of the Tender after the Contract has been signed by the successful Tenderer.	SUP 8: Letter to Unsuccessful Suppliers
13	Award Notice	To be published in a suitable procurement media.	GEN 17: Award Notice
14	Receipt and Inspection	Inspect that supplies received comply with the Contract. Sign and file a proof of receipt/delivery note.	

### Step 1: Technical Specifications

Identify the resources to be purchased from the Procurement Plan. Identify and draft the technical specifications of the resources to be purchased (see section 4.12.2). Clearly defined technical specifications are important to enable suppliers to plan ahead and provide feedback. Ensure that all required import permits are available.

**NOTE:** If a supplier has been requested to provide assistance and input to the Tender material, they may not submit an offer under that particular purchase.

**NOTE:** Special requirements exist for the purchase of pharmaceuticals and medical devices (see section 4.13. and 4.14).

### Step 2: Tender Dossier

Draft the Tender Dossier with the following considerations:

**Technical specifications:** The biggest challenge when drafting a tender dossier is to draft the correct technical specifications which will ensure that the correct resources are being offered and supplied. Clearly defined technical specifications (and selection criteria) also enables the Contractor to plan ahead and provide feedback on specifications. When drafting a tender dossier, the technical specifications are by far the most time consuming and important (Please refer to section 4.12.1 when drafting the technical specifications).

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

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

**Transport and storage:** Will the project staff themselves arrange for transport from delivery point to final site, and which Incoterm shall be applied? The choice of transport and the associated environmental risks shall also be considered. Has consideration been given to storage facilities at site? Lack of storage facilities could be solved by requesting partial deliveries in the Tender Dossier. Partial deliveries are also common

<sup>23</sup> A contract in a Local and International Open Procedure has the same function as the Purchase Order, but is a more thorough legal binding document.

for products with a short shelf life. It is recommended to draft a distribution schedule as a working tool (GEN 9-3).

**Payment terms:** Which payment terms shall be applied?

**Ethical criteria:** Is there a need to include specific criteria to ethical issues in the Tender Dossier such as certifications or specific terms in the contract such as environmental or social performance?

**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 section 9.3).

### Step 3: Tender Notice

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

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

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

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

When sourcing new suppliers it is recommended to obtain general information on sector and country specific ethical risks (for more information on how to source new contractors, see section 4.11.2).

### Step 4: Submission of Tender Dossier

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

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

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

Tenderers may submit questions in writing at the latest on the date specified in the time table in the Tender Dossier. Information regarding interpretation of the Tender Dossier shall be requested in writing. Tenderers are not allowed to approach the Contracting Authority for oral clarification. Clarifications to the Tender Dossier shall be shared with all tenderers interested in participating in the tender procedure.

Always carry out a small scale risk analysis on suppliers ethical business performance e.g. CSR policy, health policy, ISO standards, SA8000 certification etc. The findings shall be documented and integrated in

the evaluation of suppliers in step 8. (For implementation of the Ethical Procurement Principles, see section 1.2.1)

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

#### **Step 5: Receiving Tenders**

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

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

#### **Step 6: Tender Opening**

Tenders shall be opened at the announced time, place and date in the presence of Tenderers who choose to attend. The names of the Tenderers and prices are read aloud and the Tenderers who participate shall be registered (GEN 15-2).

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

#### **Step 7: Administrative Compliance**

After the tender opening the Procurement Committee shall carry out a post qualification/administrative compliance of the tenders received. This is a preliminary examination of all tenders.

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

- Was the tender received before the deadline?
- Are the required no. of copies supplied?
- Are all the requested documents submitted and properly signed (check for documents such as a Tender Guarantee and Tender Submission Form (the required documents are listed under "instructions to tenderers" in the Tender Dossier).

The documents shall not be evaluated at this stage. However, it is necessary to ensure that the documents are available and properly signed (SUP 5: Evaluation Grid for Open Tender Procedures, part A/Administrative compliance).

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

#### **Step 8: Evaluation**

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

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

#### **Evaluation Challenges**

##### **AMEND TECHNICAL SPECIFICATIONS**

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

##### **PRICES ARE TOO HIGH**

If all financial offers exceed the budget substantially, the cause for this can either be change in the market price, minimum technical requirements are too high, etc. The reason for the high offers shall be clarified. Proceed as described in the above case scenario if changes to the technical specifications are needed.

##### **NONE OR LESS THAN THREE TENDERS ARE RECEIVED**

Whenever less than three tenders have been submitted, it is possible to proceed with a Simple Procedure with one supplier of choice as long as no substantial changes to the contract terms of the Tender Dossier are made. If substantial changes to the contract terms of the Tender Dossier have to be made, the tender process shall be cancelled and a new one initiated. It may seem easier to contact all tenderers directly, but this is not allowed because of the Principle of Equal Opportunity. Suppliers, who were not part of the initial tender process, may be interested in participating after the changes to the contract terms of the Tender Dossier have been made. If no tenders are received a new tender procedure shall be initiated. Analyse the possible reason for the lack of tenders, and implement the findings in the contract terms of the new Tender Dossier.

#### **Step 9: Evaluation Meeting**

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

#### **Step 11: Anti-Terrorism Screening**

Carry out Anti-Terrorism Screening against the winning contractor and record the screening tool Transaction ID number on GEN 18-5: Index Open Tender Procedure Procurement File.

In general, screening must be carried out against:

- Name of the business
- The person who acts as the day-to-day manager of the business
- The person who owns or controls the business

The exact names of these posts will often vary, and it may not always be easy to find out or verify who does what. The vetting must be done before a purchase is made or a contract entered into.

Further information on NCA screening policies can be found in the NCA Operations Manual.

### **Step 12: Contract and Letter of Acceptance**

Prepare the Contract (SER 4) in accordance with the draft in the Tender Dossier and forward a Letter of Acceptance to the selected Tenderer (GEN 16). Check if the Contract has to be adapted to national legislation, traditions or requirements, as appropriate and incorporate in the Contract all agreements reached with the selected Candidate. Never delete or make alterations to the GTC.

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

Before signing the Contract and returning the signed copy to the Tenderer, the Procurement Committee shall ensure:

- That adequate and exact references are made in the Contract to the Tender.
- That the Tenderer acknowledges the GTC and the Code of Conduct for Contractors without exceptions or amendments.
- For new suppliers – make sure that sufficient references and company data has been collected, or preferably that a Contractor Registration Form has been submitted by the Tenderer and that the supplier has been properly registered and is entitled to operate within its field in accordance with national legislation.

**NOTE:** If the Tenderer cannot accept the GTC the Procurement Committee shall decline the quote and continue the process with another tenderer.

### **Step 13: Letter to Unsuccessful Tenderers**

After the Contract has been signed, the Procurement Committee shall submit a notification letter to the unsuccessful tenderers notifying them of the result of the Tender (SUP 8).

### **Step 14: Award Notice**

The purpose of the public announcement is to meet the principle of transparency with the added benefit of attracting new suppliers.

It is mandatory to publish award notices in a suitable media where suppliers will notice the information and on the Contracting Authority's website (GEN 17).

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

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

### **Step 15: Receipt and Inspection**

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



**Annexes for Supply Contracts when applying Local Open Tender (to be downloaded from the manual website)**

GEN 2	Declaration of Impartiality and Confidentiality	Mandatory
SUP 3	Tender Dossier	Mandatory
GEN 11	Tender Notice	Mandatory
GEN 13	List of Supplier/Candidates and Tender Receipt Form	Mandatory
GEN 14	Questions and Answers	Mandatory
GEN 15-1	Tender Opening Checklist	Mandatory
GEN 15-2	List of Participants	Mandatory
GEN 15-3	Tender Opening Form	Mandatory
SUP 5	Evaluation Grid for Open Tender Procedures	Mandatory
GEN 15-5	Evaluation Grid Price Comparison	Optional
GEN 15-4	Evaluation Report for Open Tenders	Mandatory
GEN 16	Letter of Acceptance	Mandatory
SUP 3	Contract	Mandatory
SUP 8	Letter to Unsuccessful Suppliers	Mandatory
GEN 17	Award Notice	Mandatory

## 6.4 THE INTERNATIONAL OPEN TENDER PROCEDURE

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

An advertisement on business opportunities is mandatory and shall be posted in the newspaper, on a notice board or in other public places before the procurement process is initiated. This advertisement is often published in the beginning of a project and may also contain information on other business opportunities related to the project (for more information on advertisement of business opportunities, see section 4.11.1).

As the commercial risks for high value purchases are increased, consider the use of Prepayment, Tender and Performance guarantees (for more information on financial guarantees, see section 9.3).

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

### The steps involved in the International Open Tender for Supply Contracts

Step	Task	Description	Annex
1-2	Follow the procedure as described for Local Open Tender		
3	Tender Notice	Specify the main content of the Tender Dossier in the Tender Notice and publish it in the project country and internationally.	GEN 11: Tender Notice

Depending on the nature of the required resources, the deadline for submitting tenders shall not be less than 30 days from the date of issuing the Tender Notice. The Tender Dossier shall be available on the date of the advertisement of the Tender Notice.

- 4-14** Follow the procedure as described for Local Open Tender

### Step 1: (Step 1-2) Specifications and Tender Dossier

Proceed as described in step 1-2 for the Local Open Tender (section 6.3).

### Step 3: Tender Notice

Draft the Tender Notice, which as a minimum shall describe: the supplies to be procured (incl. the essential technical specifications); the rules governing the submission and presentation of tenders; the exclusion, selection and award criteria; and where and when the Tender Dossier can be obtained. (See section 6.3 step 4).

The Tender Notice shall be published in the country of operation in suitable procurement media e.g. regional and international newspapers, websites as well as media required by donor. When feasible, advertising in technical magazines and trade publications shall be envisaged.

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

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

The procurement Committee can choose to submit the Tender Notice directly to a list of relevant 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: (Step 4-14)

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

#### Annexes for Supply Contracts when applying International Open Tender (to be downloaded from the manual website)

GEN 2	Declaration of Impartiality and Confidentiality	Mandatory
SUP 3	Tender Dossier	Mandatory
GEN 11	Tender Notice	Mandatory
GEN 13	List of Suppliers/Candidates and Tender Receipt Form	Mandatory
GEN 14	Questions and Answers	Mandatory
GEN 15-1	Tender Opening Checklist	Mandatory
GEN 15-2	List of Participants	Mandatory

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GEN 15-3	Tender Opening Form	Mandatory
SUP 5	Evaluation Grid for Open Tender Procedures	Mandatory
GEN 15-5	Evaluation Grid Price Comparison	Optional
GEN 15-4	Evaluation Report for Open Tenders	Mandatory
GEN 16	Letter of Acceptance	Mandatory
SUP 3	Contract	Mandatory
SUP 8	Letter to Unsuccessful Suppliers	Mandatory
GEN 17	Award Notice	Mandatory

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## 6.5 RECEIVING SUPPLIES

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

### Step 1: Forwarders receipt

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

### Step 2: Unpacking and inspection

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

### Step 3: Damaged goods

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

## 6.6 INCOTERMS

Incoterms are internationally recognised trade clauses most commonly used for international sales contracts, published by the International Chamber of Commerce (ICC). The standard clauses can be adopted as the legal regulation for delivery of supplies and distribution of cost and risks between the seller and the Contracting Authority in the Purchase Order/Contract (see <https://iccwbo.org/> for Incoterms 2020).

It is important to stress the need to study each Incoterm more thoroughly in the ICC's "Incoterms 2020" before applying an Incoterm to a contract.

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

## **6.7 LEGAL ASPECTS – WARRANTY OBLIGATIONS**

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

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

## 7 SERVICE CONTRACTS

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

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

Service Contracts also comprise the following contract forms:

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

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

When rental of equipment and venues are direct projects costs, it is not considered a Service Contract, but a Supply Contract (e.g., rent of vehicle or conference room). Be aware that some services such as repair of machinery, cleaning services or small scale catering might be considered running costs and therefore not subject to procurement procedures (for more information on running costs, see section 4.10).

**NOTE:** A Service Contract and an Employment Contract are two different contracts. An Employment Contract involves recruitment, fixed salary, regulations on leave, resignation restrictions etc. These obligations are hence for the Contracting Authority as an employer rather than merely a party to a contract for the provision of a service. Employment Contracts are not covered by this Manual and are not subject to procurement procedures (for more information, see section 7.5).

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

### Ethical Considerations

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

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

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

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

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

## **7.1 THE SIMPLE PROCEDURE**

The Simple Procedure is the simplest procurement procedure. This procedure is, as a general rule applicable within the threshold EUR 0 - 9,999. In special cases, described in section 4.7.1 the Simple Procedure can be applied for procurement above EUR 9,999.

The Simple Procedure does not require more than one quotation to be collected. It is though important to stress that the contract price shall correspond with the present market price or lower. This shall always be justified and filed in the procurement file. To prove that the price corresponds with the market price, you can e.g. search the internet, refer to recent contracts, or obtain at least three written or non-written proposals. Please ensure that verbal prices are captured in a Note to File kept in the procurement file.

An advertisement on business opportunities is mandatory and shall be posted in the newspaper, on a notice board or in other public places before the procurement process is initiated. This advertisement is often published in the beginning of a project and may also contain information on other business opportunities related to the project (for more information on advertisement of business opportunities, see section 4.11.1).

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

### **Contracts below EUR 2,000**

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

### **The steps involved in the Simple Procedure for Service Contracts**

Step	Task	Description	Annex
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1	Terms of Reference (TOR)	Draft TOR	GEN 7-3: Purchase Request SER 2: Request for Proposal
2	Request for Proposal (RFP)	Collect a minimum of three proposals/prices	SER 2: Request for Proposal
3	Evaluation	Evaluate proposals/prices and select the best offer	SER 3: Evaluation Grid for Negotiated Procedure
4	Anti-Terrorism Screening	Screen winning contractor and record Transaction ID number in Annex GEN 18-3	GEN 18-3: Index Simple Procedure Procurement File
5	Contract	Issue the Contract (optional below EUR 2,000).	SER 4: Contract or SER 2: Request for Proposal (Contract included in the RFP)
6	Receipt and Inspection	Inspect that services received comply with the Contract. Sign and file a proof of receipt/delivery note.	

### Step 1: Terms of Reference (TOR)

Identify the service(s) required and draft TOR (see section 4.12.2). The services are often part of project activities, and it is probable that a TOR has already been drafted in a context other than procurement. Personnel in charge of programme activities are usually in charge of drafting the TOR.

**NOTE:** If a candidate has been requested to provide assistance and input to the technical specifications, they may not submit an offer under that particular purchase.

### Step 2: Request for Proposal (RFP)

Approach the candidate(s) for a written or non-written proposal, search the internet for the best price and quality or refer to recent contracts to ensure that the price corresponds with the present market price or lower. The obtained prices/proposals shall be documented and filed in the procurement file. The advantage of using a written RFP is that it prevents misunderstandings and ensures that all the required information is obtained in one go. The written form also provides an opportunity to specify ethical criteria for the contract via the TOR or contract conditions (- which can e.g. be proved via the provision of certain certifications/standards or equivalent proof of compliance). If a non-written proposal is obtained the Procurement Committee shall make a written note of the price, name of candidate, description of service and note the date. This note shall be filed in the procurement file. At this stage, it is also important to communicate the ethical principles and standards to the candidates.

### Step 3: Evaluation

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

### Step 4: Anti-Terrorism Screening

Carry out Anti-Terrorism Screening against the winning contractor and record the screening tool Transaction ID number on GEN 18-3: Index Simple Procedure Procurement File.

In general, screening must be carried out against:

- Name of the business
- The person who acts as the day-to-day manager of the business
- The person who owns or controls the business

The exact names of these posts will often vary, and it may not always be easy to find out or verify who does what. The vetting must be done before a purchase is made or a contract entered into.

**Step 5:** Further information on NCA screening policies can be found in the NCA Operations Manual **Contract**

After selecting the best offer a contract shall be issued by the Procurement Committee (SER 4). Check if the Contract has to be adapted to existing legislation, traditions or requirements, as appropriate and incorporate in the Contract all agreements reached with the selected Candidate. Never delete article 9 (eligibility) or 10 (audits), and never delete or make alteration to the GTC.

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

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

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

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

**Step 6: Receipt and Inspection**

Ensure that the services received comply with the Contract. The Contracting Authority shall follow up on the timely delivery and satisfactory quality of the received services and take remedial measures to mitigate any negative consequences for the beneficiaries, caused by delay and/or any contractual shortfalls.

**The Simple Procedure applied in special cases to contracts above EUR 9,999**

In special cases an automatic derogation is granted to apply the Simple Procedure for contracts above EUR 9.999 – irrespective of the contract value. A prior approval from GLOL Oslo is required. (For restrictions and the situations this is reserved for, see section 4.7.1).

**Annexes for Service Contracts when applying Simple Procedure (to be downloaded from the manual website)**

GEN 2	Declaration of Impartiality and Confidentiality	Mandatory
SER 2	Request for Proposal	Optional
SER 3	Evaluation Grid for Negotiated Procedure	Optional
SER 4	Contract	Mandatory (Optional below EUR 2,000)



## 7.2 THE NEGOTIATED PROCEDURE

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

An advertisement on business opportunities is mandatory and shall be posted in the newspaper, on a notice board or in other public places before the procurement process is initiated. This advertisement is often published in the beginning of a project and may also contain information on other business opportunities related to the project (for more information on advertisement of business opportunities, see section 4.11.1).

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

### The steps involved in the Negotiated Procedure for Service Contracts

Step	Task	Description	Annex
1	Terms of Reference (TOR)	Draft TOR.	GEN 7-3: Purchase Request SER 2: Request for Proposal
2	Short list of a minimum of 4-8 candidates	Use e.g. available databases or the internet to source new candidates.	GEN 13: List of Suppliers/Candidates and Tender Receipt Form
3	Request for Proposal (RFP)	Prepare the RFP and submit it simultaneously to all selected candidates.	SER 2: Request for Proposal
4	Evaluation	Evaluate proposals in writing by using the Evaluation Grid.	SER 3: Evaluation Grid for Negotiated Procedure
5	Interview of candidates (optional)	There is an option to interview candidates who have obtained a minimum technical score. The evaluation grid can be adjusted after interviews.	
6	Negotiation (optional)	There is an option to negotiate the terms. Rules are described further in this chapter.	
7	Anti-Terrorism Screening	Screen winning contractor and record Transaction ID number in Annex GEN 18-4	GEN 18-4: Index Negotiated Procedure Procurement File
8	Final evaluation and Contract	After final evaluation the Service Contract in the RFP shall be completed and sent to the successful candidate.	SER 4: Contract :
9	Letter to unsuccessful candidates	Unsuccessful candidates shall be notified of the result of the procedure.	SER 5: Letter to Unsuccessful Candidates
10	Award Notice	To be published in a suitable procurement media.	GEN 17: Award Notice (Optional below EUR 30,000)
11	Receipt and inspection	Inspect that the services received comply with the Contract. Sign and file a proof of receipt/delivery note.	

#### Step 1: Terms of Reference (TOR)

Identify the service(s) required and draft TOR (see section 4.12.2). The services are often part of project activities and it is probable that TORs have already been drafted in a context other than procurement. Personnel in charge of programme activities are usually in charge of drafting the TOR.

**NOTE:** If a candidate has been requested to provide assistance and input to the technical specifications, they may not submit an offer under that particular purchase.

### **Step 2: Short List**

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

When sourcing new contractors, it is recommended to obtain general information on sector and country specific ethical risks (for more information on how to source new contractors, see section 4.11.2).

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

### **Step 3: Request for Proposal (RFP)**

Thoroughly prepare the RFP and approach the candidates for a proposal. The RFP shall be forwarded simultaneously (same day) to all the selected candidates. This is to ensure that all candidates are given an equal amount of time to prepare and submit their proposal.

At this stage, it is important to communicate the ethical principles and standards to the suppliers. When preparing the RFP decide on:

#### **a. Type of Remuneration**

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

'Global price' contracts are normally used when; the definition of the tasks to be performed is clear and unambiguous; when the commercial risks taken by the candidate are relatively low; or when the candidate is prepared to perform the assignment for an agreed predetermined global price. Such price has been agreed upon on the basis of inputs (including rates) provided by the candidate. The Contracting Authority agrees to pay the candidate according to a schedule of payments linked to the delivery of certain outputs, e.g. reports. A major advantage of the 'global price' contract is the simplicity of its administration, the Contracting Authority having only to be satisfied with the outputs without monitoring the staff inputs or the reimbursable expenses. Studies are usually carried out on a global price basis e.g. surveys, master plans, economic, sector, simple feasibility and engineering studies.

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

**b. Evaluation Criteria**

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

The Procurement Committee and/or requisitioner may apply different evaluation criteria and weights than suggested in the RFP. These can be amended in the A.11 section of the RFP (SER 2) and the Evaluation Grid (SER 3) accordingly. In all cases, evaluation criteria must be established and included in the RFP prior to circulation of the RFP. Evaluation criteria cannot be changed during the evaluation process.

**c. Timeframe**

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

**d. Donor Requirements**

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

**e. Payment Terms**

What payment terms shall be applied?

**f. Ethical Criteria**

Is there need to include specific criteria to ethical procurement issues in the RFP such as certifications (or equivalent proof of compliance to ethical criteria) or the inclusion of specific terms in the contract related to eg. environmental or social performance?

**g. Bank Guarantees**

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

The standard RFP does not contain provisions in respect of such guarantees since it is uncommon that they are required for Service Contracts. However, it may be relevant to require in the case of a contract of high value.

**Follow up on Submission of the RFP**

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

**Step 4: Evaluation**

A two-stage procedure shall be utilised in evaluating the Proposals - a technical evaluation and a financial evaluation.

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

For comparison and evaluation of the proposals, the Procurement Committee shall take into consideration the criteria selected in the RFP and the weight attributed to each criterion. Instructions on how to attribute scores and weighted scores are included in the Evaluation Grid (SER 3).

Proposals will be ranked according to their combined technical (St) and financial (Sf) scores using the weighting of 75% for the technical proposal and 25% for the offered price. (See article A.11 in SER 2 for the formula for calculating the financial scores).

#### **Recommendations on Evaluation Challenges**

##### **PRICES ARE TOO HIGH**

In case all candidates have offered prices which are too high and/or the TOR needs to be changed or adjusted, it is not necessary to issue a new RFP. Instead the candidates can be contacted in writing (stating the amendments and new deadline) and requested a revised proposal.

##### **LESS THAN THREE PROPOSALS ARE RECEIVED**

If less than three proposals have been received and if some candidates have declined to submit a proposal, it is allowed to proceed with the best offer - provided that the General Procurement Principles are met. E.g. it shall be ensured that all candidates have been given sufficient time to submit a proposal, that all candidates have acknowledged the receipt of the RFP, and all candidates who have submitted a letter of interest are invited. If it is not possible to find a minimum of three qualified candidates in the market, it is important to survey broader e.g. markets in neighbouring districts and countries (How to source new candidates, see section 4.11.2). Lack of candidates in the market is not sufficient grounds for proceeding with less than three proposals. A market survey would reveal this fact during the planning stage and derogations from Negotiated Procedure to Simple Procedure should have been requested.

#### **Step 5: Interview of Candidates (optional)**

The candidates who are administratively compliant (having passed the questions in Part A of the Evaluation Grid) can be invited for an interview. After the interviews the Procurement Committee has the possibility to change the scores in the Evaluation Grid. There is a separate column in the Evaluation Grid for this purpose.

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

#### **Step 6: Negotiation (optional)**

If pertinent, the Procurement Committee has the option to negotiate the terms of the Contract. Negotiations shall not entail any substantial deviation from the terms and conditions of the RFP. The purpose of the negotiations is to obtain better conditions in terms of technical quality, implementation periods, payment conditions etc.

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

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

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

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

### **Step 7: Anti-Terrorism Screening**

Carry out Anti-Terrorism Screening against the winning contractor and record the screening tool Transaction ID number on GEN 18-4: Index Negotiated Procedure Procurement File.

In general, screening must be carried out against:

- Name of the business
- The person who acts as the day-to-day manager of the business
- The person who owns or controls the business

The exact names of these posts will often vary, and it may not always be easy to find out or verify who does what. The vetting must be done before a purchase is made or a contract entered into.

Further information on NCA screening policies can be found in the NCA Operations Manual.

### **Step 8: Final Evaluation and Contract**

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

Once a candidate has been selected and the Contract awarded by the Procurement Committee, a Contract shall be drafted (SER 4). Check if the Contract has to be adapted to existing legislation, traditions and requirement and incorporate in the Contract all agreements reached with the selected Candidate. Never delete or make any alterations to the GTC.

It is important to include a clear end date as to when all deliverables should be completed and the contract fulfilled. Any additional costs such as per diem, travel costs, accommodation costs, if applicable are clearly defined and not left open, which could lead to excessive expense claims being submitted.

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

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

- That adequate and exact reference is made in the Contract to the relevant RFP.
- That the Contractor acknowledges the GTC and the Code of Conduct for Contractors without exceptions or amendments.

- For new contractors - make sure that sufficient references and company data has been collected, or preferably that a Contractor Registration Form has been submitted by the Contractor.

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

### Step 9: Letter to Unsuccessful Candidates

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

### Step 9: Award notice

The purpose of the public announcement is to meet the principle of transparency with the added benefit of attracting new suppliers. Thus the award notice is useful and recommended for all contracts.

For contracts above EUR 30.000, it is mandatory to publish award notices in a suitable media where suppliers will notice the information and on the Contracting Authority's website (GEN 17).

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

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

### Step 10: Receipt and inspection

Ensure that the services received comply with the Contract and issue a Completion Certificate or other relevant documentation e.g. the report. The Contracting Authority shall follow up on the timely delivery and satisfactory quality of the received services and take remedial measures to mitigate any negative consequences for the beneficiaries, caused by delay and/or any contractual shortfalls.

#### Annexes for Service Contracts when applying Negotiated Procedure (to be downloaded from the manual website)

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

## 7.3 THE LOCAL OPEN TENDER PROCEDURE

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

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

A specified tender dossier shall be drafted and forwarded to interested candidates who then have the opportunity to make a tender request. After the deadline of receiving tenders, they shall be opened and announced in the optional presence of all interested tenderers. Evaluation of the tenders is fulfilled by the Procurement Committee on the basis of a clearly predefined evaluation grid and the most compliant Tenderer is awarded the Contract. A public award notice is mandatory and letters to all unsuccessful tenderers shall be submitted.

An advertisement on business opportunities is mandatory and shall be posted in the newspaper, on a notice board or in other public places before the Procurement process is initiated. This advertisement is often published in the beginning of a project and may also contain information on other business opportunities related to the project (for more information on advertisement of business opportunities, see section 4.11.1).

As the commercial risks for high value purchases are increased, consider the use of Prepayment, Tender and Performance guarantees (for more information on financial guarantees, see section 9.3).

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

**The steps involved in the Local Open Tender for Service Contracts**

<b>Step</b>	<b>Task</b>	<b>Description</b>	<b>Annex</b>
1	Terms of Reference (TOR)	Draft TOR.	GEN 7-3: Purchase Request SER 6: Tender Dossier
2	Tender Dossier	Issue the Tender Dossier with special attention to the TOR, special requirements, time schedule and evaluation and award criteria.	SER 6: Tender Dossier
3	Tender Notice	Specify the main content of the Tender Dossier in the Tender Notice and publish it in a suitable procurement media. The deadline shall not be less than 21 days from the date of the advertisement. The Tender Dossier shall be available on the date of the advertisement.	GEN 11: Tender Notice
4	Submission of Tender Dossier	A record of the date of submitting the Tender Dossier and to whom shall be made. Each tenderer shall be identified with a number. If clarifications/amendments to the Tender Dossiers are needed, all potential tenderers shall receive a copy of questions and answers simultaneously.	GEN 13: List of Suppliers/Candidates and Tender Receipt Form GEN 14: Question and Answers
5	Receiving Tenders	For each tender received, the date and time of receipt shall be registered. All received tenders shall be kept unopened in a secure place until the tender opening.	GEN 13: List of Suppliers/Candidates and Tender Receipt Form
6	Tender Opening	Tenders shall 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.	GEN 15-1: Tender Opening Checklist GEN 15-2: List of Participants GEN 15-3: Tender Opening Form
7	Administrative Compliance	Post qualification of tenderers shall be performed after the tender opening (tenderers shall not be present).	SER 7: Evaluation Grid for Open Tender Procedures
8	Evaluation	Evaluate tenders in writing by using the Evaluation Grid. Tenders who have passed the post qualification will be subject to evaluation by each member of the Procurement Committee.	SER 7: Evaluation Grid for Open Tender Procedures
9	Evaluation Meeting	Discuss the evaluation and select a Tenderer. Draft a report of the evaluation identifying clearly which evaluation criteria the successful Tenderer was superior in and why.	GEN 15-4: Evaluation Report for Open Tenders
10	Anti-Terrorism Screening	Screen winning contractor and record Transaction ID number in Annex GEN 18-5	GEN 18-5: Index Open Tender Procedure Procurement File



11	Contract and Letter of Acceptance	Prepare the Contract in accordance with the Draft Contract in the Tender Dossier and submit the Letter of Acceptance with the Contract. The Tenderer signs the Contract.	SER 6: Tender Dossier GEN 16: Letter of Acceptance
12	Letter to Unsuccessful Tenderers	Unsuccessful tenderers shall be notified of the result of the tender procedure after the Contract has been signed by the successful Tenderer.	SER 5: Letter to Unsuccessful Candidates
13	Award Notice	To be published in a suitable procurement media.	GEN 17: Award Notice
14	Receipt and Inspection	Inspect that the services received comply with the Contract. Sign and file a proof of receipt/delivery note/final report.	

### Step 1: Terms of Reference (TOR)

Identify the service(s) required and draft TOR (see section 4.12.2). Services are often part of project activities and it is probable that TORs have already been drafted in a context other than procurement. Personnel in charge of programme activities are usually in charge of drafting the TOR.

**NOTE:** If a candidate has been requested to provide assistance and input to the technical specifications and/or the Tender material, they may not submit an offer under that particular purchase.

### Step 2: Tender Dossier

Draft the Tender Dossier with the following considerations:

**Terms of Reference:** When drafting a tender dossier, it is very important to give correct and detailed information of the required services in the TOR. All requirements related to the required services shall be incorporated in the TOR in order to ensure that the Contracting Authority receive proposals from tenderers which are able to fulfil the task required and provide the best price and quality (When drafting the TOR, please refer to section 4.12.2).

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

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

In the standard Tender Dossier an evaluation model which can be applied is presented (See SER 6 article A.16 in the Tender Dossier and the Evaluation Grid in SER 7).

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

The Procurement Committee/ requisitioner may apply different evaluation criteria and weights - these shall be adjusted in the Tender Dossier and the Evaluation Grid accordingly. In all cases, evaluation criteria must be established and included in the Tender Dossier prior to circulation of the Tender Dossier. Evaluation criteria cannot be changed during the evaluation process.

**Type of Remuneration:** The Service Contract may be a 'Global price' contract, a 'fee-based' contract or a mix of the two (i.e. a global price for fees with reimbursable expenses). One of the three options has to be chosen in article A.10 of the Tender Dossier (instructions to tenderers) and in clause B.8 of the Draft Contract (SER 4).

'Global price' contracts, are normally used when: the definition of the tasks to be performed is clear and unambiguous; when the commercial risks taken by the Tenderer are relatively low; or when the Tenderer is prepared to perform the assignment for an agreed predetermined global price. The Contracting Authority agrees to pay the Tenderer according to a schedule of payments in predefined rates or linked to the delivery of certain outputs, e.g. reports. A major advantage of the 'global price' contract is the simplicity of its administration, the Contracting Authority having only to be satisfied with the outputs without monitoring the staff inputs or the reimbursable expenses. Studies are usually carried out on a global price basis e.g. surveys, master plans, economic, sector, simple feasibility and engineering studies.

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

'Global price for fees with reimbursable expenses' is a mix of the two above mentioned types of remuneration and it is used for assignments when all expenses related to the Contractor's time spent on the assignment can be determined from the outset of the Contract and all fees (including overhead, profit, sick leave, holiday pay etc.) are included in the contract price and covers all obligations of the Contractor. This remuneration leaves room for the reimbursement of actual expenses incurred for the performance of the Contract upon presentation of invoices or receipts. This could be expenses related to transport, per diem, accommodation etc. Costs and expenses which are not mentioned in the Contract shall be deemed covered by the overhead of profit included in the Contractor's fees.

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

**Donor Requirements:** Take notice of specific donor requirements such as requirements to origin and nationality, exclusivity clauses, publication rights, visibility, right to audit, exclusion and eligibility clauses, preference criteria, etc., which might require amendment of the Tender Dossier and/or the Contract.

**Payment Terms:** What payment terms shall be applied (article B.10 of the Draft Contract)?

**Bank Guarantees:** Will a Tender Guarantee be required? Will a Performance Guarantee be required? (For more information on bank guarantees, see section 9.3).

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

**Step 3: Tender Notice**

Draft the Tender Notice which as a minimum shall describe: the services required (incl. the essential content of the TOR); the rules governing the submission and presentation of tenders; the exclusion, selection and award criteria; and where and when the Tender Dossier can be obtained.

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

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

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

When sourcing new candidates, it is recommended to obtain general information on sector and country specific ethical risks (for more information on how to source new contractors, see section 4.12.2).

**Step 4: Submission of Tender Dossier**

The Tender Dossier shall be submitted to all candidates who have made a request within a few days after the request. At this stage, it is important to communicate the ethical principles and standards to the candidates.

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

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

Tenderers may submit questions in writing at the latest on the date specified in the time table in the Tender Dossier. Any information regarding interpretation of the Tender Dossier shall be requested in writing. Tenderers are not allowed to approach the Contracting Authority for oral clarification. Clarifications to the Tender Dossier shall be shared with all tenderers interested in participating in the tender procedure.

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

**Step 5: Receiving Tenders**

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

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

**Step 6: Tender Opening**

Tenders shall be opened at the announced time, place and date in the presence of tenderers who choose to attend. The names of the tenderers, and prices are read aloud, and the tenderers who participate shall be registered (GEN 15-2).

### Step 7: Administrative Compliance

After the tender opening, the Procurement Committee shall carry out a post qualification/administrative compliance of the tenders received. This is a preliminary examination of all tenders.

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

- Was the tender received before the deadline?
- Are the required no. of copies supplied?
- Is the Tender Submission Form completed and duly signed?
- Is the rule of nationality respected – if required?
- Are all the requested documents submitted and duly signed (check for documents such as a Tender Guarantee and the Tender Submission Form. The required documents are listed under “instructions to tenderers” in the Tender Dossier).

The documents shall not be evaluated at this stage. However, it is necessary to ensure that the documents are available and properly signed (SER 7: Evaluation Grid for Open Tender Procedures).

At this stage, tenders which do not comply shall be rejected. Please note that tenderers who have submitted their offer after the deadline shall not be considered. The reason for rejection shall be stated in the evaluation report under section 4. Administrative Compliance (GEN 15-4).

Always carry out a small scale risk analysis on tenderers' ethical business performance e.g. CSR policy, health policy, ISO standards, SA8000 certification etc. The findings shall be documented and integrated in the evaluation of tenders in step 9 (For implementation of the Ethical Procurement Principles, see section 1.2.1).

### Step 8: Evaluation

After the post qualification (part A of the Evaluation Grid, SER 7) each member of the Procurement Committee will receive a copy of the remaining tenders for evaluation and analysis. This evaluation shall be done in private, and tenderers are not allowed to be present. Each member shall fill in an evaluation grid (Part B, C and D of the Evaluation Grid) which shall be compared at the evaluation meeting.

For comparison and evaluation of the proposals, the Procurement Committee shall take into consideration the criteria selected in the Tender Dossier and the weight attributed to each criterion. Instructions on how to attribute scores and weighted scores are included in the Evaluation Grid. I.e. proposals will be ranked according to their combined technical (St) and financial (Sf) scores using the weighting of 75% for the technical proposal and 25% for the offered price. (See the Evaluation Grid in SER 7 and Tender Dossier in SER 6 for further guidance)

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

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

**Evaluation Challenges****AMENDMENTS TO TERMS OF REFERENCE**

If there is a need to make amendments to TOR described in the Tender Notice and the Tender Dossier, either by reducing or increasing the minimum requirements, the tender process shall be cancelled and a new one initiated. A new Tender Notice and Tender Dossier with the new TOR shall be issued – the deadline for submitting tenders can be reduced to 15 days or less (depending on the complexity). It may be easier to contact all tenderers directly, but this is not allowed due to the Principle of Equal Opportunity. Candidates who were not part of the initial tender process may be interested in participating after the changes to the TOR. This emphasises the importance of drafting clear and thorough TOR from the outset of the project/procurement process.

**PRICES ARE TOO HIGH**

If all financial offers exceed the budget substantially, the cause for this can either be change in the market price, minimum requirements are too high, etc. The reason for the high offers shall be clarified. Proceed as described in the above case scenario if changes to the TOR are needed.

**NONE, OR LESS THAN THREE TENDERS ARE RECEIVED**

Whenever less than three tenders have been submitted, it is possible to proceed with a Simple Procedure with one Tenderer of choice as long as no substantial changes to the contract terms of the Tender Dossier are made. If substantial changes to the contract terms of the Tender Dossier have to be made, the tender process shall be cancelled and a new one initiated. It may seem easier to contact all tenderers directly, but this is not allowed because of the Principle of Equal Opportunity. Candidates who were not part of the initial tender process may be interested in participating after the changes to the contract terms of the Tender Dossier have been made. If no tenders are received, a new tender procedure shall be initiated. Analyse the possible reason for the lack of tenders, and implement the findings in the contract terms of the new Tender Dossier.

**Step 9: Evaluation Meeting**

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

**Step 10: Anti-Terrorism Screening**

Carry out Anti-Terrorism Screening against the winning contractor and record the screening tool Transaction ID number on GEN 18-5: Index Open Tender Procedure Procurement File.

In general, screening must be carried out against:

- Name of the business
- The person who acts as the day-to-day manager of the business
- The person who owns or controls the business

The exact names of these posts will often vary, and it may not always be easy to find out or verify who does what. The vetting must be done before a purchase is made or a contract entered into.

Further information on NCA screening policies can be found in the NCA Operations Manual.

**Step 11: Contract and Letter of Acceptance**

Prepare the Contract (SER 4) and forward a Letter of Acceptance to the selected Tenderer (GEN 16). Check if the Contract has to be adapted to existing legislation, traditions and requirements and incorporate in the Contract all agreements reached with the selected Tenderer. Never delete or make alterations to the General Terms and Conditions.

It is important to include a clear end date as to when all deliverables should be completed and the contract fulfilled. Any additional costs such as per diem, travel costs, accommodation costs, if applicable are clearly defined and not left open, which could lead to excessive expense claims being submitted.

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

Before signing the Contract and returning the signed copy to the Tenderer, the Procurement Committee shall ensure:

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

**NOTE:** If the Tenderer cannot accept the GTC, the Procurement Committee shall decline the quote and continue the process with another tenderer.

#### **Step 12: Letter to Unsuccessful Tenderers**

Once the selected Tenderer has returned the Contract duly signed, a Letter to Unsuccessful Candidates shall be sent to the unsuccessful tenderers informing them of the result of the procedure i.e the name of the successful Tenderer, the total contract amount and the scores as per the Evaluation Grid (SER 5).

#### **Step 13: Award Notice**

The purpose of the public announcement is to meet the principle of transparency with the added benefit of attracting new candidates.

It is mandatory to publish award notices in a suitable media where suppliers will notice the information and on the Contracting Authority's website (GEN 17).

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

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

#### **Step 14: Receipt and Inspection**

Ensure that the services received comply with the Contract and issue a Completion Certificate or other relevant documentation e.g. the report. The Contracting Authority shall follow up on the timely delivery and satisfactory quality of the received services and take remedial measures to mitigate any negative consequences for the beneficiaries, caused by delay and/or any contractual shortfalls.

**Annexes for Service Contracts when applying Local Open Tender (to be downloaded from the manual website)**

GEN 2	Declaration of Impartiality and Confidentiality	Mandatory
GEN 11	Tender Notice	Mandatory
GEN 13	List of Supplier/Candidates and Tender Receipt Form	Mandatory
SER 6	Tender Dossier	Mandatory
GEN 14	Questions and Answers	Mandatory
GEN 15-1	Tender Opening Checklist	Support
GEN 15-2	List of Participants	Mandatory
GEN 15-3	Tender Opening Form	Mandatory
SER 7	Evaluation Grid for Open Tender Procedures	Mandatory
GEN 15-4	Evaluation Report for Open Tenders	Mandatory
SER 4	Contract	Mandatory
GEN 16	Letter of Acceptance	Mandatory
SER 5	Letter to Unsuccessful Candidates	Mandatory
GEN 17	Award Notice	Mandatory

## 7.4 THE INTERNATIONAL OPEN TENDER PROCEDURE

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

An advertisement on business opportunities is mandatory and shall be posted in the newspaper, on a notice board or in other public places before the procurement process is initiated. This advertisement is often published in the beginning of a project and may also contain information on other business opportunities related to the project (for more information on advertisement of business opportunities, see section 4.11.1).

As the commercial risks for high value purchases are increased, consider the use of Prepayment, Tender and Performance guarantees (for more information on financial guarantees, see section 9.3).

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

### The steps involved in the International Open Tender for Supply Contracts

Step	Task	Description	Annex
1-2	Follow the procedure as described for Local Open Tender		
3	Tender Notice	Specify the main content of the Tender Dossier in the Tender Notice and publish it in the project country and internationally. Depending on the nature of the required resources, the deadline for submitting tenders shall not be less than 30 days from the date of	GEN 11: Tender Notice

issuing the Tender Notice. The Tender Dossier shall be available on the date of the advertisement of the Tender Notice.

**4-14** Follow the procedure as described for Local Open Tender

### Step 1: (Step 1-2) Terms of Reference and Tender Dossier

Proceed as described in step 1-2 for the Local Open Tender (section 7.3).

### Step 3: Tender Notice

Draft the Tender Notice, which as a minimum shall describe: the services required (incl. the main specifications of the TOR); the rules governing the submission and presentation of tenders; the exclusion, selection and award criteria; and where and when the Tender Dossier can be obtained (See section 7.3 step 3).

The Tender Notice shall be published in the country of operation in suitable procurement media, e.g. regional and international newspapers, websites as well as media required by donor.

When feasible, advertising in trade magazines/journals and trade publications shall be envisaged.

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

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

The Procurement Committee can additionally choose to submit the Tender Notice directly to a list of candidates who may be interested in participating. It is in the interest of the Procurement Committee to ensure the widest possible participation in the tender.

### Step 4: (Step 4-14)

Proceed as described in step 4-14 for the Local Open Tender (section 7.3).

#### Annexes for Supply Contracts when applying International Open Tender (to be downloaded from the manual website)

GEN 2	Declaration of Impartiality and Confidentiality	Mandatory
GEN 11	Tender Notice	Mandatory
GEN 13	List of Suppliers/Candidates and Tender Receipt Form	Mandatory
SER 6	Tender Dossier	Mandatory
GEN 14	Questions and Answers	Mandatory
GEN 15-1	Tender Opening Checklist	Mandatory
GEN 15-2	List of Participants	Mandatory
GEN 15-3	Tender Opening Form	Mandatory



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SER 7	Evaluation Grid for Open Tender Procedures	Mandatory
GEN 15-4	Evaluation Report for Open Tenders	Mandatory
SER 4	Contract	Mandatory
GEN 16	Letter of Acceptance	Mandatory
SER 5	Letter to Unsuccessful Candidates	Mandatory
GEN 17	Award Notice	Mandatory

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## 7.5 LEGAL ASPECTS – EMPLOYMENT CONTRACTS VERSUS SERVICE CONTRACTS

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

Some generally accepted criteria to determine the existence of an employment relationship are:

- A relationship of subordination
- The technical and functional integration of the worker into the productive and organisational structure of the client
- The exercise of managerial and disciplinary powers that is to be found, strictly speaking, only in subordinate/employment relationship
- The commercial risk relating to the activity, resting finally with the client
- The form of payment/salary (not linked directly to a result, in an employment relationship)

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

Under many other national systems, the distinction is fundamental because of a rigid labour law which imposes strict dismissal procedures for all kinds of employment contracts, and very limited possibilities for entering fixed-term contracts. When operating in a country with rigid labour law, Contracting Authorities shall be very careful never to sign a contract which could be qualified by a court in the project country 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 Service Contract (SER 4) exclude clearly any link of subordination between the Contracting Authority and a service provider and places a clear responsibility on a service provider in respect of the outcomes of the provided services.

## 8 WORKS CONTRACTS

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

Since Works Contracts with a value above EUR 3,000,000 are unlikely to occur, the International Open Tender Procedure will not be described in this Manual. Should the procedure be required, please contact the GLOL Oslo for assistance and standard tender documents.

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

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

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

**NOTE:** Please read section 8.4 (Legal Aspects) concerning specific legal risks and necessary precautions for Works Contracts before proceeding.

WORKS		
Up to EUR 9,999	Simple Procedure	See section 8.1
EUR 10,000 - 299,999	Negotiated Procedure	See section 8.2
EUR 300,000 - 2,999,000	Local Open Tender Procedure	See section 8.3
Above EUR 3,000,000	International Open Tender Procedure	Contact GLOL Oslo for instructions and standard documents

### Ethical Considerations

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

### **The Administration and Supervision of Works Contracts**

An engineer or a project manager with necessary construction experience shall be hired prior to the procurement procedure being initiated to administrate and supervise the process or the works e.g. prepare technical specifications, draft contract etc. This is a Service Contract (SER 1).

The administration and supervision of a Works Contract can also be entrusted to an employee of the Contracting Authority, such as the Project Manager. In this case it is an Employee Contract and not a Service Contract. (In the Works Contract with the Contractor, the provisions concerning the engineer are made applicable to the Project Manager, see article 1 of the GTC). However, it would be important to establish a specific job description for the assignment which would include the main provisions of the Contract for engineering services.

## **8.1 THE SIMPLE PROCEDURE**

The Simple Procedure is the simplest procurement procedure. This procedure is, as a general rule, applicable within the threshold EUR 0 - 9,999. In special cases, described in section 4.7.1, the Simple Procedure can be applied for procurement above EUR 9,999.

The Simple Procedure does not require more than one quotation to be collected. It is though important to stress that the price shall correspond with the present market price or lower. This shall always be justified and filed in the procurement file. To prove that the price corresponds with the market price, you can e.g. search the internet, refer to recent contracts, or obtain at least three written or non-written proposals. Please ensure that verbal prices are captured in a Note to File kept in the procurement file.

An advertisement on business opportunities is mandatory and shall be posted in the newspaper, on a notice board or in other public places before the procurement process is initiated. This advertisement is often published in the beginning of a project and may also contain information on other business opportunities related to the project (for more information on advertisement of business opportunities, see section 4.11.1).

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

### **Contracts below EUR 2,000**

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

#### **The steps involved in the Simple Procedure for Works Contracts**

<b>Step</b>	<b>Task</b>	<b>Description</b>	<b>Annex</b>
1	Technical Specifications	Identify the technical specifications of the works to be procured.	GEN 7-3: Purchase Request WOR 1: Request for Proposal
2	Request for Proposal (RFP)	Collect a minimum of three proposals/prices.	WOR 1: Request for Proposal
3	Evaluation	Evaluate the proposals and select the best proposal.	WOR 3: Evaluation Grid and Report
4	Anti-Terrorism Screening	Screen winning contractor and record Transaction ID number in Annex GEN 18-3	GEN 18-3: Index Simple Procedure Procurement File

5	Contract	Issue the Contract.	WOR 2: Contract (Optional below EUR 2,000)
6	Receipt and Inspection	Inspect that the works carried out comply with the Contract. Sign and file a Certificate of Final Completion.	

### Step 1: Technical Specifications

Identify the works to be procured from the Procurement Plan and draft technical specifications. The specifications shall be drafted by the engineer, architect or other specialist in cooperation with the project manager. Identify the specifications and works to be ordered (see section 4.12.1) and determine whether it is necessary and/or relevant to divide the works into lots (e.g. depending on the capacity of construction companies). Clearly defined technical specifications are important to enable the candidates to plan ahead and provide feedback on the specifications.

Prepare the technical specifications alongside the RFP.

**NOTE:** If a candidate has been requested to provide assistance and input to the technical specifications, they may not submit an offer under that particular purchase.

### Step 2: Request for Proposal (RFP)

Approach the candidates for a written or non-written quotation, search the internet for the best price and quality or refer to recent contracts to ensure that the price corresponds with the present market price or lower. The obtained prices/quotations shall be documented and filed in the procurement file. Although optional, the use of a written RFP is strongly recommended. The advantage of using a written RFP is that it prevents misunderstandings and ensures that all the required information is obtained in one go. The written form also provides an opportunity to specify ethical criteria for the contract via the technical specifications or contract conditions (which can be proved via the provision of certain certifications/standards or equivalent proof of compliance). At this stage it is important to communicate the ethical requirement and standards to the candidates.

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

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

### Step 3: Evaluation

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

### Step 4: Anti-Terrorism Screening

Carry out Anti-Terrorism Screening against the winning contractor and record the screening tool Transaction ID number on GEN 18-3: Index Simple Procedure Procurement File.

In general, screening must be carried out against:

- Name of the business
- The person who acts as the day-to-day manager of the business
- The person who owns or controls the business

The exact names of these posts will often vary, and it may not always be easy to find out or verify who does what. The vetting must be done before a purchase is made or a contract entered into.

Further information on NCA screening policies can be found in the NCA Operations Manual.

### **Step 5: Contract**

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

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

Although the GTC for Works Contract provide two different kinds of contracts, a 'global price' contract or a 'unit-price' contract, the standard dossier for RFP and the Works Contract applies only to global price contracts. Global price contracts are generally used for works that can be defined in their full physical and qualitative characteristics before tenders/proposals are called, or where the risks of substantial design variations are minimal. This is usually construction of buildings, pipe laying, power transmission towers, and series of small structures, such as shelters, latrines, ablution units, which are the most commonly constructed buildings under projects.

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

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

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

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

### **Step 6: Receipt and Inspection**

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

**NOTE:** The administration of a Works Contract and the inspection of the works require a particular expertise in this area. For example, the "measurement" of the works (art 39 of the GTC) and the determination whether the works can be considered "completed" (art 45 of the GTC) cannot be undertaken to someone other than an engineer or a project manager having the adequate qualifications. A qualified engineer should not have difficulties in identifying the standard contractual clauses and in taking all necessary dispositions (issuance of instructions, notices, certificates) to ensure proper execution of the works. After inspection and approval of the works, a Certificate of Final Completion shall be signed and filed.

**The Simple Procedure applied in special cases to contracts above EUR 9,999**

In special cases an automatic derogation is granted to apply the Simple Procedure for contracts above EUR 9.999 – irrespective of the contract value. A prior approval from GLOL Oslo is required. (For restrictions and the situations this is reserved for, see section 4.7.1).

**Annexes for Works Contracts when applying Simple Procedure (to be downloaded from the manual website)**

GEN 2	Declaration of Impartiality and Confidentiality	Mandatory
WOR 1	Request for Proposal	Optional
WOR 3	Evaluation Grid and Report	Optional
WOR 2	Contract	Mandatory (Optional below EUR 2,000)

## 8.2 THE NEGOTIATED PROCEDURE

The Negotiated Procedure is more formal than the Simple Procedure. This procedure is applicable within the threshold of EUR 10,000 – 299,000 and requires that a minimum of three candidates are invited simultaneously to submit a proposal based on a RFP. The Contract shall be awarded to the most compliant candidate. A public award notice is mandatory for contracts above EUR 30,000. Letters to all unsuccessful candidates shall be submitted.

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

An advertisement on business opportunities is mandatory and shall be posted in the newspaper, on a notice board or in other public places before the procurement process is initiated. This advertisement is often published in the beginning of a project and may also contain information on other business opportunities related to the project (for more information on advertisement of business opportunities, see section 4.11.1).

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

**The steps involved in the Negotiated Procedure for Works Contracts**

Step	Task	Description	Annex
1	Technical Specifications	Identify the technical specifications of the works to be procured.	GEN 7-3: Purchase Request WOR 1: Request for Proposal
2	Short list of a minimum of 4-8 candidates	Use e.g. available databases or the internet to source new candidates.	GEN 13: List of Suppliers/Candidates and Tender Receipt Form
3	Request for Proposal (RFP)	Prepare the RFP and submit it simultaneously to all selected candidates.	WOR 1: Request for Proposal
4	Evaluation	Evaluate proposals in writing by using the Evaluation Grid.	WOR 3: Evaluation Grid and Report
5	Negotiation (optional)	There is an option to negotiate the terms. Rules are described further in this chapter.	
6	Anti-Terrorism Screening	Screen winning contractor and record Transaction ID number in Annex GEN 18-4	GEN 18-4: Index Negotiated Procedure Procurement File
7	Final evaluation and Contract	After final evaluation the Contract shall be issued and sent to the successful candidate.	WOR 2: Contract
8	Letter to unsuccessful candidates	Unsuccessful candidates shall be notified of the result of the procedure.	WOR 4: Letter to Unsuccessful Candidates
9	Award Notice	To be published in a suitable procurement media.	GEN 17: Award Notice (Optional below EUR 30,000)
10	Receipt and Inspection	Inspect that the works received comply with the Contract. Sign and file a Certificate of Final Completion.	

**Step 1: Technical Specifications**

Identify the works to be procured from the Procurement Plan and draft technical specifications. The specifications shall be drafted by the engineer, architect or other specialist in cooperation with the project manager. Identify the specifications and works to be ordered (See section 4.12.1) and determine whether it is necessary and/or relevant to divide the works into lots (e.g. depending on the capacity of construction companies). Clearly defined technical specifications are important to enable the candidates to plan ahead and provide feedback on specifications.

Prepare the technical specifications alongside the RFP.

**NOTE:** If a candidate has been requested to provide assistance and input to the technical specifications, they may not submit an offer under that particular purchase.

**Step 2: Short List**

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

Before short listing the candidates, the following shall be evaluated:

- The candidate's previous experience with similar works

- The candidate's references
- Capacity of the candidate to implement
- Experience of the staff
- The candidate's access to plant and equipment

When sourcing new contractors, it is recommended to obtain general information on sector and country specific ethical risks (for more information on how to source candidates, see section 4.11.2).

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

### **Step 3: Request for Proposal (RFP)**

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

Also consider if there is a need to include specific requirements to ethical procurement issues the RFP such as certifications (or equivalent proof of compliance to criteria) or the inclusion of specific terms in the contract related to eg. environmental or social performance.

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

#### **Follow up on submission of the RFP**

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

### **Step 4: Evaluation**

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

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

The Procurement Committee may apply different evaluation criteria and weights - these shall be adjusted in the Tender Dossier and the Evaluation Grid accordingly.



**Recommendations on Evaluation Challenges****PRICES ARE TOO HIGH**

In case all candidates have offered prices which are too high and/or the technical specifications need to be changed or adjusted, it is not necessary to issue a new RFP. Instead the candidates can be contacted in writing (stating the amendments and new deadline) and requested to provide a revised proposal.

**LESS THAN THREE PROPOSALS ARE RECEIVED**

If less than three proposals have been received and if some candidates have declined to submit a proposal, it is permitted to proceed with the best offer provided so that the General Procurement Principles are met. E.g. it shall be ensured that all candidates have been given sufficient time to submit a proposal, that all candidates have acknowledged the receipt of the RFP, and all candidates who have submitted a letter of interest are invited. If it is not possible to find a minimum of three qualified candidates in the market, it is important to survey broader markets e.g. in neighbouring districts and countries (How to source new candidates, see section 4.11.2). Lack of candidates in the project country/project site is not sufficient grounds for proceeding with less than three proposals. A market survey would reveal this fact during the planning stage, and derogations from Negotiated Procedure to Simple Procedure should have been requested.

**Step 5: Negotiation (optional)**

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

Negotiations may however have the purpose of reducing the scope of the works or revising other terms of the Contract in order to reduce the total price. This may be necessary when prices proposed by all candidates exceed the limits of the funds made available to the Contracting Authority by its donor/funding agency. In this case, all candidates involved should be invited to participate in the negotiations and to potentially submit a new offer. Negotiation can also facilitate a discussion on identified ethical risks in order to find possible solutions or determine if the proposal shall be turned down.

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

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

**Step 6: Anti-Terrorism Screening**

Carry out Anti-Terrorism Screening against the winning contractor and record the screening tool Transaction ID number on GEN 18-4: Index Negotiated Procedure Procurement File.

In general, screening must be carried out against:

- Name of the business
- The person who acts as the day-to-day manager of the business
- The person who owns or controls the business

The exact names of these posts will often vary, and it may not always be easy to find out or verify who does what. The vetting must be done before a purchase is made or a contract entered into.

Further information on NCA screening policies can be found in the NCA Operations Manual.

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

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

Once a candidate has been selected and the Contract awarded by the Procurement Committee, the draft Contract shall be drafted in accordance with the Contract (WOR 2). Check if the standard contract has to be adapted to existing legislation, traditions for Works Contracts and requirements, as appropriate. Works Contracts are complex contracts and the higher the value and risks involved, it becomes more important to include clauses ensuring the execution of the works and protecting the interest of the Contracting Authority. It is though important to be aware that too strict requirements may discourage smaller companies from entering the Contract.

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

Although the GTC for Works Contract provide two different kinds of contracts, a “global price” contract or a “unit-price” contract, the standard dossier for RFP and the Works Contract applies only to global price contracts. Global price contracts are generally used for works that can be defined in their full physical and qualitative characteristics before tenders/proposals are called, or where the risks of substantial design variations are minimal. This is usually construction of buildings, pipe laying, power transmission towers, and series of small structures, such as shelters, latrines, ablution units, which are the most commonly constructed buildings under projects.

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

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

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

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

### **Step 8: Letter to Unsuccessful Candidates**

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

**Step 9: Award Notice**

The purpose of the public announcement is to meet the principle of transparency with the added benefit of attracting new candidate. Thus the award notice is useful and recommended for all contracts.

For contracts above EUR 30.000, it is mandatory to publish award notices in a suitable media where suppliers will notice the information and on the Contracting Authority's website (GEN 17).

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

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

**Step 10: Receipt and Inspection**

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

**NOTE:** The administration of a Works Contract and the inspection of the works require particular expertise in this area. For example, the "measurement" of the works (art 39 of the GTC) and the determination whether the works can be considered "completed" (art 45 of the GTC) cannot be undertaken by someone other than an engineer or a project manager having adequate qualifications. A qualified engineer should not have difficulties in identifying the standard contractual clauses and in taking all necessary dispositions (issuance of instructions, notices, certificates) to ensure proper execution of the works. After inspection and approval of the works, a Certificate of Final Completion shall be signed and filed.

**Annexes for Works Contracts when applying the Negotiated Procedure (to be downloaded from the manual website)**

GEN 2	Declaration of Impartiality and Confidentiality	Mandatory
GEN 13	List of Suppliers/Candidates and Tender Receipt Form	Mandatory
WOR 1	Request for Proposal	Mandatory
WOR 3	Evaluation Grid and Report	Mandatory
WOR 2	Contract	Mandatory
WOR 4	Letter to Unsuccessful Candidates	Mandatory
GEN 17	Award Notice	Mandatory (Optional below EUR 30,000)

**8.3 THE LOCAL OPEN TENDER PROCEDURE**

The Local Open Tender Procedure (from here on named Local Open Tender) is more extensive and elaborate than the Negotiated Procedure. It is applicable to higher value purchases of EUR 300,000 – 2,999,999.

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

A specified tender dossier shall be drafted and forwarded to interested suppliers who then have the opportunity to make a tender request. After the deadline of receiving tenders, they shall be opened and announced in the presence

of all interested tenderers. Evaluation of Tenders is undertaken by the Procurement Committee on the basis of a clearly predefined evaluation grid and the most compliant Tenderer is awarded the Contract. A public award notice is required and letters to all unsuccessful suppliers shall be submitted.

An advertisement on business opportunities is mandatory and shall be posted in the newspaper, on a notice board or in other public places before the procurement process is initiated. This advertisement is often published in the beginning of a project and may also contain information on other business opportunities related to the project (for more information on advertisement of business opportunities, see section 4.11.1).

As the commercial risks for high value purchases are increased, consider the use of Prepayment, Tender and Performance guarantees (for more information on financial guarantees, see section 9.3).

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

**The steps involved in the Local Open Tender for Works Contracts**

<b>Step</b>	<b>Task</b>	<b>Description</b>	<b>Annex</b>
1	Technical specifications	Identify the specifications of the resources to be procured.	GEN 7-3: Purchase Request WOR 2: Tender Dossier
2	Tender Dossier	Issue the Tender Dossier with special attention to the technical specifications, special requirements, time schedule, and award criteria.	WOR 2: Tender Dossier
3	Tender Notice	Specify the main content of the Tender Dossier in the Tender Notice and publish it in a suitable procurement media. The deadline shall not be less than 21 days from the date of the advertisement. The Tender Dossier shall be available on the date of the advertisement.	GEN 11: Tender Notice
4	Submission of Tender Dossier	A record of the date of submitting the Tender Dossier and to who shall be drafted. Each Tenderer shall be identified with a number. If clarifications/amendments to the Tender Dossiers are needed, all potential tenderers shall receive a copy of the questions and answers simultaneously.	GEN 13: List of Suppliers/Candidates and Tender Receipt Form GEN 14: Question and Answers
5	Receiving Tenders	For each tender received, the date and time of receipt shall be registered. All received tenders shall be kept unopened in a secure place until the tender opening.	GEN 13: List of Suppliers/Candidates and Tender Receipt Form
6	Tender Opening	Tenders shall 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.	GEN 15-1: Tender Opening Checklist GEN 15-2: List of Participants GEN 15-3: Tender Opening Form
7	Administrative Compliance	Post qualification of tenderers shall be performed after the tender opening (tenderers shall not be present).	WOR 3: Evaluation Grid and Report
8	Evaluation	Evaluate tenders in writing by using the Evaluation Grid. Tenders which have passed the post qualification are subject to evaluation by each member of the Procurement Committee.	WOR 3: Evaluation Grid and Report GEN 15.5 Evaluation Grid Price Comparison (Optional)
9	Evaluation Meeting	Discuss the evaluation and select a tenderer. Draft a report of the evaluation identifying clearly which evaluation criteria the successful Tenderer was superior in and why.	GEN 15-4: Evaluation Report for Open Tenders
10	Anti-Terrorism Screening	Screen winning contractor and record Transaction ID number in Annex GEN 18-5	GEN 18-5: Index Open Tender Procedure Procurement File

11	Contract and Letter of Acceptance	Prepare the Contract in accordance with the draft in the Tender Dossier and submit the letter of acceptance with the Contract. Invite the Tenderer to sign the Contract.	WOR 3: Contract GEN 16: Letter of Acceptance
12	Letter to unsuccessful suppliers	Unsuccessful tenderers shall be notified of the result of the Tender after the Contract has been signed by the successful Tenderer.	WOR 5: Letter to Unsuccessful Suppliers
13	Award Notice	To be published in a suitable procurement media.	GEN 17: Award Notice
14	Receipt and Inspection	Inspect that the works received comply with the Contract. Sign and file a Certificate of Final Completion.	

### Step 1: Technical Specifications

Identify the works to be procured from the Procurement Plan and draft technical specifications. The specifications shall be drafted by the engineer, architect or other specialist in cooperation with the project manager. Identify the specifications and works to be ordered and determine whether it is necessary and/or relevant to divide the works into lots (e.g. depending on the capacity of construction companies). The biggest challenge when drafting a tender dossier is to draft the correct technical specifications which will ensure that the correct resources are being offered and supplied. Clearly defined technical specifications (and selection criteria) also enables the Contractor to plan ahead and provide feedback on specifications. When drafting a tender dossier, the technical specifications are by far the most time consuming and important

Prepare the technical specifications alongside the RFP.

**NOTE:** If a candidate has been requested to provide assistance and input to the technical specifications, they may not submit an offer under that particular purchase, unless this is included as part of the contract.

### Step 2: Tender Dossier

Draft the Tender Dossier taking into consideration whether the contract is of low or high risk in terms of delays, insurance uncertainties, deficient quality, uncertainties on permits or authorisation, lack of capacity to administrate contract etc. and whether the construction company is a small company, operating in the project country only - or a large international company. The higher the value and risk involved, it becomes more important to include clauses ensuring the execution of the works and protecting the interest of the Contracting Authority (For information on Legal aspects, see section 8.4). It is though important to be aware that too strict requirements may discourage small companies from lodging a proposal.

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

**Timeframe:** What is the proposed completion date? Consider if the timeframe is realistic or if it provides too short lead times for supplier(s).

**Storage:** Will storage facilities be required on site? Who will provide and safeguard these? Will it be the responsibility of the Contractor or Contracting Authority.

**Payment terms:** Which payment terms shall be applied?

**Ethical criteria:** Is there a need to include specific criteria to ethical issues in the Tender Dossier such as certifications or specific terms in the contract such as environmental or social performance?

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

### Step 3: Tender Notice

Draft the Tender Notice which as a minimum shall include: a brief description of the works to be undertaken; the rules governing the submission and presentation of tenders; the exclusion, selection and award criteria; and where and when the Tender Dossier can be obtained.

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

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

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

When sourcing new suppliers it is recommended to obtain general information on sector and country specific ethical risks (for more information on how to source new contractors, see section 4.11.2).

### Step 4: Submission of Tender Dossier

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

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

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

Tenderers may submit questions in writing at the latest on the date specified in the time table in the Tender Dossier. Information regarding interpretation of the Tender Dossier shall be requested in writing. Tenderers are not allowed to approach the Contracting Authority for oral clarification. Clarifications to the Tender Dossier shall be shared with all tenderers interested in participating in the tender procedure.

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

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

**Step 5: Receiving Tenders**

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

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

**Step 6: Tender Opening**

Tenders shall be opened at the announced time, place and date in the presence of Tenderers who choose to attend. The names of the Tenderers and prices are read aloud and the Tenderers who participate shall be registered (GEN 15-2).

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

**Step 7: Administrative Compliance**

After the tender opening the Procurement Committee shall carry out a post qualification/administrative compliance of the tenders received. This is a preliminary examination of all tenders.

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

- Was the tender received before the deadline?
- Are the required no. of copies supplied?
- Are all the requested documents submitted and properly signed (check for documents such as a Tender Guarantee and Tender Submission Form (the required documents are listed under "instructions to tenderers" in the Tender Dossier).

The documents shall not be evaluated at this stage. However, it is necessary to ensure that the documents are available and properly signed (WOR 4: Evaluation Grid and Report, part A: Administrative compliance).

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

**Step 8: Evaluation**

For comparison and evaluation of the proposals, the Procurement Committee shall take into consideration the criteria selected in the RFP and the weight attributed to each criterion. Instructions on how to attribute scores and weighted scores are included in the Evaluation Grid and Report (WOR 4). I.e. proposals will be ranked according to their combined technical (St) and financial (Sf) scores using the weighting of 40% for the technical proposal and 60% for the offered price (For further guidance, see WOR 4 and WOR 1).

The Procurement Committee may apply different evaluation criteria and weights - these shall be adjusted in the Tender Dossier and the Evaluation Grid accordingly.

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



**Evaluation Challenges****PRICES ARE TOO HIGH**

If all financial offers exceed the budget substantially, the cause for this can either be change in the market price, minimum technical requirements are too high, etc. The reason for the high offers shall be clarified. In case all candidates have offered prices, which are too high, and/or the technical specifications need to be changed or adjusted, it is not necessary to issue a new Tender Dossier. Instead, the candidates can be contacted in writing (stating the amendments and new deadline) and requested to provide a revised proposal.

**NONE OR LESS THAN THREE TENDERS ARE RECEIVED**

If less than three proposals have been received and if some candidates have declined to submit a proposal, it is permitted to proceed with the best offer provided so that the General Procurement Principles are met. E.g., it shall be ensured that all candidates have been given sufficient time to submit a proposal and the Tender Notice has been adequately advertised. If no tenders are received, a new tender procedure shall be initiated. Analyse the possible reason for the lack of tenders, and implement the findings in the contract terms of the new Tender Dossier.

Lack of candidates in the project country/project site is not sufficient grounds for proceeding with less than three proposals. A market survey would reveal this fact during the planning stage, and any necessary derogations should have been requested.

**Step 9: Evaluation Meeting**

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

**Step 10: Anti-Terrorism Screening**

Carry out Anti-Terrorism Screening against the winning contractor and record the screening tool Transaction ID number on GEN 18-5: Index Open Tender Procedure Procurement File.

In general, screening must be carried out against:

- Name of the business
- The person who acts as the day-to-day manager of the business
- The person who owns or controls the business

The exact names of these posts will often vary, and it may not always be easy to find out or verify who does what. The vetting must be done before a purchase is made or a contract entered into.

Further information on NCA screening policies can be found in the NCA Operations Manual.

**Step 11: Contract and Letter of Acceptance**

Once a candidate has been selected and the Contract awarded by the Procurement Committee, the draft Contract shall be drafted in accordance with the Contract (WOR 3) and a Letter of Acceptance sent to the

selected Tenderer (GEN 16). Check if the standard contract has to be adapted to existing legislation, traditions for Works Contracts and requirements, as appropriate. Works Contracts are complex contracts and the higher the value and risks involved, it becomes more important to include clauses ensuring the execution of the works and protecting the interest of the Contracting Authority. It is though important to be aware that too strict requirements may discourage smaller companies from entering the Contract.

The standard Contract includes the GTC and the Code of Conduct for Contractors which shall never be amended. If derogations and/or specifications are needed for a specific Works Contract, instructions for that purpose are included in the Contract itself. Please consider carefully the legal issues specified in section 8.4. Incorporate into the Contract all agreements reached with the selected candidate (e.g., amount of global price, bank account references, etc.).

Although the GTC for Works Contract provide two different kinds of contracts, a “global price” contract or a “unit-price” contract, the standard dossier for RFP and the Works Contract applies only to global price contracts. Global price contracts are generally used for works that can be defined in their full physical and qualitative characteristics before tenders/proposals are called, or where the risks of substantial design variations are minimal. This is usually construction of buildings, pipe laying, power transmission towers, and series of small structures, such as shelters, latrines, ablution units, which are the most commonly constructed buildings under projects.

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

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

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

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

### **Step 12: Letter to Unsuccessful Tenderers**

Once the selected candidate has returned the Contract duly signed, a Letter to Unsuccessful Candidates (WOR 5) shall be sent to the unsuccessful candidates informing them of the result of the procedure, i.e. the name of the selected candidate, the total contract amount and the scores as per the Evaluation Grid.

### **Step 13: Award Notice**

The purpose of the public announcement is to meet the principle of transparency with the added benefit of attracting new suppliers.

It is mandatory to publish award notices in a suitable media where suppliers will notice the information and on the Contracting Authority's website (GEN 17).

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

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

#### Step 14: Receipt and Inspection

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

**NOTE:** The administration of a Works Contract and the inspection of the works require particular expertise in this area. For example, the "measurement" of the works (art 39 of the GTC) and the determination whether the works can be considered "completed" (art 45 of the GTC) cannot be undertaken by someone other than an engineer or a project manager having adequate qualifications. A qualified engineer should not have difficulties in identifying the standard contractual clauses and in taking all necessary dispositions (issuance of instructions, notices, certificates) to ensure proper execution of the works. After inspection and approval of the works, a Certificate of Final Completion shall be signed and filed.

#### Annexes for Works Contracts when applying Local Open Tender (to be downloaded from the manual website)

GEN 2	Declaration of Impartiality and Confidentiality	Mandatory
WOR 2	Tender Dossier	Mandatory
GEN 11	Tender Notice	Mandatory
GEN 13	List of Supplier/Candidates and Tender Receipt Form	Mandatory
GEN 14	Questions and Answers	Mandatory
GEN 15-1	Tender Opening Checklist	Mandatory
GEN 15-2	List of Participants	Mandatory
GEN 15-3	Tender Opening Form	Mandatory
WOR 4	Evaluation Grid and Report	Mandatory
GEN 15-5	Evaluation Grid Price Comparison	Optional
GEN 16	Letter of Acceptance	Mandatory
WOR 3	Contract	Mandatory
WOR 5	Letter to Unsuccessful Suppliers	Mandatory
GEN 17	Award Notice	Mandatory

## 8.4 LEGAL ASPECTS

For Works Contracts special precautions have to be taken due to the inherently high legal risks and the complexity of the contracts. The following three sections describe in short some of the main legal issues of concern when applying Works Contracts.

**Legal Risks for Works Contracts**

- Inherent risk for serious accidents/damages and uncertainty about insurance coverage
- Inherent risk for delays
- Risk of deficient quality
- Lack of capacity/difficulty for the Contracting Authority in managing and administering complicated contracts
- Possible uncertainty on building permits and authorisations
- In particular uncertainty about the legal status of the lands where buildings are to be constructed

**Recommended Precautions**

The following precautions are recommended when applying Works Contracts:

- Works projects shall only be undertaken in collaboration with partners with an established record and expertise in construction.
- An engineer or a project manager with necessary construction experience appointed shall be hired. This shall be done before the start of the procurement procedure, to make sure he/she is involved in the preparation of the Works Contract and the technical specifications, and he/she can participate in the procurement procedure for the works (please refer to the Contract for Engineering Services in SER 1).
- International technical assistance shall be obtained when capacity is lacking in the project country - e.g. obtain advice from an international engineer on the necessary technical specifications of the works.
- An insurance company shall be contacted in advance to determine what kind of insurance coverage will be available, at which price and under which conditions. Clauses 17 of the GTC and article A.20 of the Contract will have to be amended accordingly.
- A legal opinion from a reputable law firm in the country where the works are to be carried out shall be obtained at the project feasibility stage to ensure that:
  - All necessary authorisation and building permits can be obtained on time and without major uncertainties.
  - There is a valid and official title to the land in the name of the legal person/authority who is involved in the project and willingness to put the land at disposal of the works/or who is recipient of the works (e.g. municipal authority). Ensure the necessary official approvals have been given and appropriate legally binding commitments from the owner of the land exists (article A.15 of the Contract in WOR 2).
  - Mandatory applicable laws and regulations in the country of execution are known in advance and incorporated in the conditions of the Contract (article A.12 in WOR 2, and article A.12 in the RFP (WOR 1). See also section 9.4 and 9.5 on applicable law and settlement of disputes).
  - The legal length of the defects liability period is established (article 47 of GTC and Contract in WOR 2).
  - Appropriate insurance coverage is provided for in the proposed Contract and legally enforceable in the country of execution.

**Complexity of the Contractual Provisions and Administration**

Because of the inherent risks in construction activities, the Works Contract is necessarily a complex and complicated contract which strives to distribute the risks, rights, obligations and liabilities of the parties. The GTC for Works Contracts is inspired by internationally recognised practices, terms and clauses in the construction business. The administration of a Works Contract requires particular expertise in this area and cannot be left to someone other than an engineer or a project manager having the adequate qualifications (for example, the "measurement" of the works (art. 39) and the determination that the works can be considered "completed" (art. 45 + 51). A qualified engineer should not have difficulties in identifying the standard contractual clauses and in taking all necessary dispositions (issuance of instructions, notices, certificates) to ensure a proper execution of the works. Entering a proper Service Contract with an engineer for that purpose is therefore also crucial (see SER 1).

A difficult part in the administration of a Works Contract is the determination of "interim payments" (art. 40 of the GTC) due to the Contractor, based on the measurement of the works.

Although the GTC for Works Contracts provide for two different kinds of contracts, a “global price” contract or a “fee-based” contract, the RFP refers only to global price contracts. Global price contracts are generally used for works that can be defined in their full physical and qualitative characteristics before tenders/proposals are requested, or where the risks of substantial design variations are minimal, usually construction of buildings, pipe laying, power transmission towers, and series of small structures, such as shelters, latrines, ablution units etc.

**Applicable Law and Settlement of Disputes**

The issues mentioned in section 9.4 and 9.5 are of particular importance and relevance in the context of a Works Contract. A procurement procedure for an international Works Contract shall not be initiated unless and until all issues critical to land rights and the allocation of risks have been assessed by a lawyer, both under the conditions and the law of the country of execution of the works and the applicable law - if different. In the area of construction, many mandatory rules are likely to override the contractual provisions. Labour law in the project country has also to be taken into consideration in respect of labour used on the site.

Article 61 of the GTC contains provisions for an amicable settlement of disputes. Failing such settlement, article 61.2 of the GTC and corresponding article 61 in the Contract, give the Contracting Authority the option of choosing a court or an arbitration clause. When choosing arbitration, the arbitration body, the place of arbitration and the arbitration rules shall be specified in the Contract. Depending on the country, the region, the legal system, the scope and circumstances of the Construction Contract in question, available options for arbitration may vary considerably.

## 9 LEGAL ASPECTS

This chapter describes some of the general legal aspects of concern to Supply, Service and Works Contracts.

### 9.1 CONTRACTUAL DOCUMENTS

The different types of contracts are comprised of a series of documents including special conditions, GTC, Code of Conduct for Contractors, TOR, technical specifications and other relevant documents which shall be listed in the clause "Order of Precedence of Contract Documents" in the Contract. When doing so, documents shall generally be listed in the order from specific to more general. In case of later dispute about interpretation of contradicting provisions, the most specific obligation takes precedence over the general one.

Only the draft Contract and different respective annexes can be amended and filled in. Note that the text of the GTC and Code of Conduct for Contractors shall never be amended. However, that does not mean that there cannot be derogation(s) to some of their provisions. The GTC contain a list of rights and obligations which shall always apply in contracts, unless it is specifically indicated otherwise in the Contract.

### 9.2 VALIDITY PERIOD OF THE QUOTE, PROPOSAL AND TENDER

When replying to a Tender Dossier, RFQ or RFP, the invited company binds itself for the duration of the "validity period" which runs from the date of submission of its offer and a chosen date (the duration shall be chosen carefully). The company legally obliged to enter the Contract with the Contracting Authority under the conditions of its quote/proposal/tender. If it is foreseen that a given procurement procedure is going to be particularly burdensome and there is a risk that an invited company, in spite of this legal obligation, withdraws its offer or refuses to enter into the Contract, the option of a tender guarantee shall be retained when preparing the Tender Dossier (see section 9.3).

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

### 9.3 PREPAYMENT, TENDER AND PERFORMANCE GUARANTEES

Each set of documents includes the possibility of requesting financial guarantees: Prepayment Guarantee, Tender Guarantee and Performance Guarantee. These guarantees consist of a written declaration from a bank or an insurance company (or another financial institution, depending on the financial system in a given country) that if the supplier/candidate fails to comply with its obligations towards the Contracting Authority, the bank/insurance company will satisfy the Contracting Authority's claim for a certain financial amount.

Different countries have different financial practices concerning these kinds of guarantees. Therefore the Guarantees can be requested in the form of a bank guarantee, banker's draft, certified cheque or irrevocable letter of credit. This on the condition that any such form of guarantee creates an at-first-demand obligation for the bank/guarantor (i.e. the guarantor has to pay as soon as requested in writing, without the Contracting Authority having to engage in a legal process). Therefore, when receiving a guarantee in a form other than the standard Performance Guarantee, a lawyer or the bank's trade finance department shall be consulted to ensure proper legal coverage.

Practices and costs in the project country shall guide the decision as to whether such guarantees shall be required or may reasonably be obtained from contractors. It is not uncommon that suppliers/candidates withdraw/change their offer in the validity period due to changes in the market price/availability. In these cases, guarantees shall be considered if the banks issue bank guarantees and it is a known practice in the tender market to request guarantees.

These guarantees are payable 'on first demand' and are therefore comparable to cash money. It is therefore recommended that account references of the Contracting Authority are clearly specified in the Guarantee to ensure that payment under the Guarantee can only be made to that account. The Guarantee shall be kept in a secure place and with a reference in the procurement file.

#### **Advantages and Disadvantages of Using Guarantees**

##### **ADVANTAGES**

When applying guarantees the Contracting Authority reduces the risk of suppliers/candidates withdrawing their offers in the validity period (Tender Guarantee). Moreover, they are committed to deliver the correct resources at the agreed time (Performance Guarantee). When applying a tender guarantee, the suppliers/candidates will put greater effort to make the offers, and it will reduce the participation of unreliable suppliers/candidates.

##### **DISADVANTAGES**

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

#### **Prepayment Guarantee**

As a general principle, NCA does not make advance payments to Contractors. This is to protect NCA from the risk of loss should the Contractor fail to deliver some or all of the deliverables. Efforts should be made to contract suppliers who have sufficient financial liquidity to allow them to undertake their contractual obligations without the need for prepayments.

It is recognised that this principle may prevent smaller companies from being awarded Contracts. To give smaller companies a fair chance of competing with larger companies, payments can be made in instalments after pre-agreed milestones are met. For example, when a certain quantity of commodities have been delivered in a supply contract, at a certain point of time in a service contract, or when a certain stage of work has been completed in a works contract. It is essential that these milestones are agreed in advance of signing the PO or Contract and that they are clearly detailed in the PO or Contract.

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

In the Prepayment Guarantee it is stated that it will expire upon issue of an Acceptance Certificate (supplies) or, Completion Certificate (services) or Certificate of Final Completion (works). However, where the Contract can be executed in successive deliveries/parts, it is possible to limit such duration. The Guarantee shall then expire when the Contractor has completed the part of the Contract corresponding to the value of the Prepayment Guarantee.

A template for a Prepayment Guarantee is found in GEN 10-1.

#### **Tender Guarantee**

The Tender Guarantee assures compensation to the Contracting Authority for the time and money lost if the successful Tenderer withdraws his/her offer or fails to enter into the Contract. It is recommended that such a guarantee is requested for Open Tenders, or when the amount of the Contract along with market conditions makes it relevant (e.g. high volatility of prices). The compensation is generally between one and two per cent of the total tender price. The Tender Guarantee shall be released upon the end of the validity period, or the receipt by the Contracting Authority from the successful Tenderer of the signed Contract and the Performance Guarantee (if required), whichever date is the earliest. Therefore, if an extension of the validity period is requested, the Tender Guarantee shall also be extended.

A template for a Tender Guarantee is found in GEN 10-2.

### **Performance Guarantee**

The Performance Guarantee covers broadly all obligations of the Contractor (proper performance of the Contract) and is generally of an amount of ten per cent of the contract value. It is recommended that such a guarantee is requested for all contracts above EUR 50,000. Depending on the context of the Contract, a performance guarantee can also be requested for contracts of a lower value when risk of non-performance appears high.

If no default of the Contractor has occurred, the Performance Guarantee shall be terminated:

- For a Supply Contract, upon expiry of the warranty period (the Guarantor will therefore probably ask for a clear determination of such date (see relevant article of the General Terms and Conditions and the Purchase Order).
- For a Service or Works Contract, upon completion of the contract. A Certificate of Final Completion may be required for works.

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

Guarantees shall be payable to the Contracting Authority “on first demand” in order to secure that funds are available without the Contracting Authority having to engage in a lengthy and costly legal process. The text in the Guarantee shall always be carefully checked to ensure that it has not been altered from the original text. If doubt exists on the credibility of the bank issuing the Guarantee, the Contracting Authority’s own bank shall be requested to confirm the Guarantee. By doing this the Contracting Authority’s bank vouches for the Guarantee.

## **9.4 APPLICABLE LAW**

The question of applicable law in international contracts raises some of the most complex legal issues which this Manual and the Contracts cannot attempt to address in an exhaustive way. The standard contractual documents proposed in this Manual strive at removing the unpredictability in the supply/service/works relationship by providing a contractual framework setting out as far as possible the rights and obligations of the parties.

However, owing to the diversity of applicable laws and fundamental conceptual differences existing between the different systems of laws prevailing in the different countries of operation, it cannot be ensured that all provisions of the GTC can be found legally binding in any country, and that no mandatory rules of the country of execution of the Contract will override the standard provisions. Since most legal systems recognise freedom of contract, it is nevertheless expected that, in case of dispute, a contractor will first refer to the provisions of the Contract (GTC and other contractual documents), and that if he refers the case to a court, this court will recognise the validity of the contractual provisions.

The GTC for the three types of contracts provide that the law applicable to the Contract (substantive law) is the law of the country of establishment of the Contracting Authority. However, it might be adequate to derogate to this clause and choose another applicable law depending on the circumstances of a given contract/project.

Generally it might be relevant to apply law of the project country in the following cases: supplies bought and delivered in the project country; services performed by a Contractor in the project country, and when works contracts are implemented by a Contractor in a specific project country. When a given law in a project country is underdeveloped or subject to uncertainties, and/or the Contract is concluded with a Contractor established in another country, it is recommended to designate Norwegian law.

In case of a high value complex Works Contract, it is recommended that legal advice is sought before choosing the applicable law (see section 8.3).



## 9.5 SETTLEMENT OF DISPUTES

This issue is closely connected to the question of applicable law, since it is of importance to avoid giving competence to the courts of a given country, when the law applicable to the Contract is the law of another country (although national courts generally recognise their ability to apply foreign laws). The GTC therefore provide that the courts of the country of establishment of the Contracting Authority are competent and that procedural law of that country is applicable to such litigation (for Works Contract, see section 8.3). Consistency between the applicable law and settlement of disputes provisions shall be ensured if derogating to the GTC is considered.

The judicial system of some countries where projects are implemented may be unfit for such litigation due to backlogs, lack of capacity and/or corruption. In such cases, and if the Contract in question is closely connected to that country (contractor and execution in the project country), it shall be investigated whether there could be a more effective "Alternative Dispute Resolution" mechanism, established by a Chamber of Commerce in the project country. For contracts with foreign companies, consider choosing the courts of their respective country. For contracts of high value, providing for a settlement through international arbitration shall also be considered (e.g. for Works Contracts, see section 8.3).

When choosing courts of a country different from the country of establishment (of the Contractor), it shall be considered that even if a judgment in that first country can be obtained, enforcing it against the Contractor in his/her country of establishment (or where he has some assets) shall be attempted. But the ability to enforce a judgment from one country to another country, depends on whether there is a treaty between the two countries which provides for enforcement of such judgments or on the willingness of the project country courts to enforce foreign judgments. Often such judgments are not warmly received.

### Settlements of Disputes

Despite the high complexity of these legal issues, it shall be noted that, amicable/diplomatic settlement of disputes are always preferred, and it is highly improbable that the Contracting Authority will undertake a costly international litigation in case of a breach of a contract. If problems and disputes arise with a contractor, assistance from GLOL Oslo can be requested.

## 9.6 AUDITS

All donor funded projects are subject to immediate audit by donors. It is therefore important to keep the procurement files up-to-date at any given time (see chapter 5).

The standard terms and conditions of the three types of contracts provide for the Contracting Authority's right to check and audit all documents related to the Contract and give the same right to the funding agency. Audits can also be added as a condition in the Purchase Order/Contract as a special clause.

## 10 GLOSSARY

Term	Definition
<b>ACP Countries:</b>	A group of 79 countries from Africa, Caribbean, and the Pacific which are signatories of the Cotonou Agreement (2000).
<b>Award Criteria:</b>	The criteria defined by the Contracting Authority to reward a supplier/candidate with a Supply, Service or Works Contract.
<b>Award Notice:</b>	The publication of the outcome of the award procedure which specifies the type of supply, service or works procured, the amount of the Contract and the successful Tenderer.
<b>Bid Flow:</b>	The timeframe from a tender/RFP/RFQ is published until the offer shall be received by the Contracting Authority.
<b>Candidate:</b>	A person or company that provides intellectual and non-intellectual services or the execution and/or the design of a work corresponding to the specified requirements.
<b>Carrier:</b>	Any person who, in a contract of carriage, undertakes to perform or to procure the performance of transport by rail, road, air, sea, inland waterway or by a combination of such modes of transportation.
<b>Coercive Practice:</b>	Impairing or harming, or threatening to impair or harm, directly or indirectly, any participant in the tender procedure to influence its activities improperly.
<b>Collusive Practice:</b>	An undisclosed arrangement between two or more suppliers, tenderers or candidates designed to artificially alter the results of the tender procedure to obtain financial or other benefit.
<b>Contract:</b>	A legally binding document between a buyer (Contracting Authority) and a supplier of supplies and/or services and/or works.
<b>Contractor:</b>	The general term used in this manual referring to all types of economic operators concluding contracts with the Contracting Authority.
<b>Controlled Drugs:</b>	Controlled drugs have accepted or non-accepted medical use and are controlled by national laws based on their potential for abuse, which may lead to physical or psychological dependency. National laws differ, but often practitioners (e.g., doctors, dentists, physician assistants, advance practice nurses) are licensed by the State and have to be registered with a national regulatory body to prescribe this type of pharmaceuticals.
<b>Corruption:</b>	Corruption is here defined as the misuse of entrusted power for private gain. Corruption is a practice where a staff member is receiving or giving money or gifts in order to gain personal or organisational advantages such as favourable treatment, services, a possibility to gain power, lowering prices or ensuring that a particular contractor is winning a contract. Corruption may also occur in a more indirect form where the benefit is given to a third party (family, own business etc.).
<b>Derogation:</b>	The authorised allowance to depart from the general rules and procedures for procurement.
<b>Eligibility:</b>	Meeting the stipulated requirements or being qualified. Eligibility can e.g. refer to the eligibility of costs or eligibility of a supplier/candidate.
<b>Ethical Procurement:</b>	The inclusion of social and environmental factors, alongside financial factors, in procurement decisions. It involves looking beyond economic parameters and efficiency in procurement, and additionally considering the associated social consequences, risks, and/or implications for society and environment.

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<b>Exclusion Criteria:</b>	The criteria defined by the Contracting Authority to exclude a supplier/candidate from a procurement procedure.
<b>Fee Based Price:</b>	The remuneration of a service Contractor (Service Contract) based on a daily fee-rate for an eight hour working day.
<b>Framework Contract:</b>	A long term (maximum five years) contract concluded between the Contracting Authority and one or several contractors. It is used to define the general terms for future procurement of a series of supplies or services for which the precise quantity/scope and time of delivery cannot be defined at the outset of the Contract. Framework Contracts can only be used for Service and Supply Contracts, not Works Contracts.
<b>Fraudulent Practice:</b>	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.
<b>Global Price:</b>	The complete remuneration of a service Contractor under a Service Contract, which cover all obligations of the successful candidate under the entire contract (without depending on actual time spent on the assignment). The global price covers the fee rate, including overhead, profit, all his/her obligations, sick leave, overtime, holiday pay, taxes, social charges and all expenses (such as transport, accommodation, food, office, etc.).
<b>Humanitarian Procurement Centre:</b>	Humanitarian Procurement Centres (HPC's) are ECHO recognised entities specialised in procuring emergency and health supplies or providing related services for the use of actors in humanitarian aid operations. The HPC's provide services within the following areas: medicine, medical devices, veterinary, foods, water and sanitation, engineering, shelter, telecommunication, transport and administration.
<b>Hybrid Contract:</b>	A contract which contains a mix of supply, services and/or works.
<b>Import Clearance Agent:</b>	A person/company who offers the service of customs clearance of goods.
<b>Incoterms:</b>	Internationally recognised standard trade clauses published by the International Chamber of Commerce most commonly used for international sales contracts. The standard clauses can be adopted as the legal regulation for delivery of resources and distribution of cost and risks between the seller and the Contracting Authority in a contract.
<b>Lot/Sub Lot:</b>	A lot is a group of resources which can potentially be procured from the same supplier or candidate. A sub lot is the division of each lot into smaller lots of resources which can be procured from the same or from several suppliers/candidates.
<b>Monitoring Agency:</b>	An agency which is responsible for verifying and certifying the quality, quantity, packing and marking of the resources to be delivered in respect of each supply, issuing the certificate of conformity or the certificate of delivery and generally coordinating all stages of the supply operation.
<b>Partner:</b>	The partner organisation that implements a project or program.
<b>Procurement:</b>	Procurement is a strategic process of acquiring supplies, service and works. The process covers activities which are necessary to purchase or rent. The required resources and includes all functions from identification of needs, market analysis, planning purchases, sourcing of candidates, obtaining and evaluation of quotes, award of contracts, contract administration, and ensuring the delivery and receipt of the resources.
<b>Purchase Order:</b>	A document issued by a buyer to a seller indicating types, quantities and agreed prices for products. Acceptance of a purchase order by a seller forms a legally binding contract between the parties. Can also be referred to as a Supply Contract.
<b>Running Costs:</b>	Running costs are defined as reoccurring purchases/costs e.g. each week or month often related to office procurement.

<b>Selection Criteria:</b>	A set of pre-established and non-discriminating criteria defined by the Contracting Authority which defines the minimum requirements of a tenderer or candidate to enter into a contract with the Contracting Authority.
<b>Service Contract:</b>	A contract for the provision of a defined service. It covers all intellectual and non-intellectual services other than those covered by Supply and Works Contracts. Service Contracts equally comprise Study, Freight (if not included in the Supply Contract) and Technical Assistance Contracts.
<b>Shipper:</b>	A person who sends goods from one place to another by vessel (sea transport).
<b>Supplier:</b>	A person or company that provides goods, such as raw materials, partially assembled components or any other resources. The delivery of goods may also include siting, installation and maintenance.
<b>Supply Contract:</b>	Covers the purchase, operational leasing, rental or hire purchase, with or without option to buy, of supplies. Whenever rental of venues for meetings, conferences etc. is a direct project cost, it is categorised as a Supply Contract. The delivery of supplies may in addition include siting, installation and maintenance.
<b>Tender:</b>	The offer made by the Tenderer in response to a tender dossier.
<b>Tender Dossier:</b>	A compilation of relevant documents which shall be received by all shortlisted suppliers/candidates for a contract above the value of EUR 150,000 (EUR 300,000 for Works Contracts). It consists of instructions to tenderers, technical specifications/ TOR, draft contract, technical data form, tender submission form, GTC and Code of Conduct for Contractors (and other optional annexes).
<b>Tenderer:</b>	The supplier of supplies and/or services and/or works, who submits a tender dossier.
<b>Terms of Reference:</b>	Specifies the requirements needed for a Service Contract e.g. purpose, scope of service, timeframe, reporting, expected results etc.
<b>Threshold:</b>	Thresholds are the marginal values of the contract categories defining which procurement procedure to apply to a given contract.
<b>Urgent Actions:</b>	Actions intended to meet immediate and unforeseeable humanitarian requirements generated by sudden natural or manmade disasters, such as floods, earthquakes and outbreaks of conflict or comparable situations. The concept of urgency also includes any situation, duly justified, in which the implementation of the humanitarian aid operation has to start immediately and where delay is incurred on the action by applying timely procurement procedures – hereby putting lives at risk. The concept of urgency cannot be based on circumstances that can be attributed to the Contracting Authority.
<b>Works Contract:</b>	The outcome of building or civil engineering works, taken as a whole, which is sufficient in itself to fulfil an economic or technical function. It is a Works Contract when an entrepreneur or construction company has the obligation of delivering works and is responsible for hiring and/or buying the necessary resources to fulfil this obligation (i.e. the entrepreneur hires the labour, brings the equipment and buys the construction materials and supplies).

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## 11 ANNEXES

The following annexes are contained in different folders.

**GEN** – General Annexes **SER** – Service Annexes

**SUP** – Supply Annexes **WOR** – Works Annexes

The annexes will be updated on a regular basis – each update will be identified by a correction date. The latest version will always be available from <https://www.kirkensnodhjelp.no/en/about-nca/for-contractors/procurement-manual/> or requested by sending an email to [logistics@nca.no](mailto:logistics@nca.no)

### GENERAL ANNEXES

GEN 1-1	Guide to Complete Annexes	Support
GEN 1-2	Guidance Letter to Suppliers	Support
GEN 2-1	Declaration of Impartiality and Confidentiality	Mandatory
GEN 2-2	ToR Procurement Committee	Support
GEN 3	Contractor Registration Form	Support
GEN 4-1	Code of Conduct for Contractors – with NCA Logo	Mandatory
GEN 5	Procurement Capacity Assessment	Support
GEN 6	Market Survey Form	Support
GEN 7-1	Template for Procurement Plan	Mandatory
GEN 7-2	Sample of Procurement Plan	Support
GEN 7-3	Sample Purchase Request Template	Support
GEN 8	Template for Advertisement of Business Opportunities	Mandatory
GEN 9-1	Time Tables for Procurement Procedures	Support
GEN 9-2	Template for Procurement Process Overview	Support
GEN 9-3	Sample of Distribution Schedule	Support
GEN 9-4	Sample of Overall Work Plan	Support
GEN 10-1	Template for Prepayment Guarantee	Support
GEN 10-2	Template for Tender Guarantee	Support
GEN 10-3	Template for Performance Guarantee	Support
GEN 11	Tender Notice	Mandatory
GEN 12	Template for Local Open Tender Work Plan and Time Table	Support
GEN 13	List of Suppliers/Candidates and Tender Receipt Form	Mandatory
GEN 14	Questions and Answers	Mandatory
GEN 15-1	Tender Opening Checklist	Support
GEN 15-2	List of Participants	Mandatory
GEN 15-3	Tender Opening Form	Mandatory
GEN 15-4	Evaluation Report for Open Tenders	Mandatory
GEN 15-5	Evaluation Grid Price Comparison	Support
GEN 16	Letter of Acceptance	Mandatory
GEN 17	Award Notice	Mandatory

GEN 18	Procurement Documentation Template	Support
GEN 18-1	Sample of Procurement Documentation Template	Support
GEN 18-2	Index Template for a General Procurement File	Support
GEN 18-3	Index Template for a Simple Procedure Procurement File	Support
GEN 18-4	Index Template for a Negotiated Procedure Procurement File	Support
GEN 18-5	Index Template for an Open Tender Procedure Procurement File	Support

#### SUPPLY ANNEXES

SUP 1	Simple Procedure Quotation Form	Support
SUP 2	Request for Quotation for Supplies	Mandatory
SUP 2-1	Request for Quotation for a Framework Contract	Mandatory
SUP 3	Tender Dossier	Mandatory
SUP 4	Evaluation Grid for Negotiated Procedure	Mandatory
SUP 5	Evaluation Grid for Open Tender Procedure	Mandatory
SUP 6	Purchase Order	Mandatory
SUP 7	Framework Contract	Mandatory
SUP 8	Letter to Unsuccessful Suppliers	Mandatory
SUP 9	Guidelines on Transportation and Storage	Support
SUP 10-1	Transport Booking – Air Freight	Support
SUP 10-2	Transport Booking- Sea Freight	Support
SUP 11-1	Step Guide to Procurement of Medicine	Mandatory
SUP 11-2	Step Guide to Procurement of Medical Devices	Mandatory
SUP 11-3	Template for Advertisement for Business Opportunities for Medical Devices	Mandatory
SUP 12	General Terms and Conditions for Supply	Mandatory

#### SERVICE ANNEXES

SER 1	Request for Proposal for Engineering Services	Mandatory
SER 2	Request for Proposal	Mandatory
SER 3	Evaluation Grid for Negotiated Procedure	Mandatory
SER 4	Contract	Mandatory
SER 5	Letter to Unsuccessful Candidates	Mandatory
SER 6	Tender Dossier	Mandatory
SER 7	Evaluation Grid for Open Tender Procedure	Mandatory
SER 8	General Terms and Conditions for Service	Mandatory

**WORKS ANNEXES**

WOR 1	Request for Proposal	Mandatory
WOR 2	Tender Dossier	Mandatory
WOR 3	Contract	Mandatory
WOR 4	Evaluation Grid and Report	Mandatory
WOR 5	Letter to Unsuccessful Candidates	Mandatory
WOR 6	General Terms and Conditions for Works	Mandatory

## 12 RESOURCES

### 12.1 USEFUL LINKS

#### ECHO

- ECHO helpdesk: [http://www.dgecho-partners-helpdesk.eu/contact\\_us](http://www.dgecho-partners-helpdesk.eu/contact_us)
- ECHO Annex II and III: [http://dgecho-partners-helpdesk.eu/reference\\_documents/start](http://dgecho-partners-helpdesk.eu/reference_documents/start)

#### EuropeAid

- EuropeAid helpdesk: [http://www.puntosud.org/helpdesk-europeaid/doku.php/howto/the\\_helpdesk](http://www.puntosud.org/helpdesk-europeaid/doku.php/howto/the_helpdesk)

#### Ethical Procurement:

- Ethical Trading Initiative: <http://www.ethicaltrade.org/resources/key-eti-resources>
- Ethical Trading Initiative Norway: <http://etiskhandel.no/English/>
- Country Portal (The portal is only launched in 2012): [http://humanrightsbusiness.org/?f=country\\_portal](http://humanrightsbusiness.org/?f=country_portal)
- Business and Human Rights Resource Centre: [www.business-humanrights.org](http://www.business-humanrights.org)
- UN Global Compact: <http://www.unglobalcompact.org/AboutTheGC/index.html>
- Responsible Purchasing Network: <http://www.responsiblepurchasing.org/#>
- Ethical Cargo: <http://www.ethicalcargo.org/>
- Human Rights Watch: [www.hrw.org](http://www.hrw.org)
- Maplecroft (global risks and businesses): <http://maplecroft.com/>
- ICC's Guide to responsible sourcing: [http://www.iccwbo.org/uploadedFiles/ICC/policy/business\\_in\\_society/Statements/ResponsibleSourcing%20Brochure%20final.pdf](http://www.iccwbo.org/uploadedFiles/ICC/policy/business_in_society/Statements/ResponsibleSourcing%20Brochure%20final.pdf)
- Social Accountability International (SA8000 standard): <http://www.sa-intl.org/>
- ISO (International Organization for Standardization): <http://www.iso.org/iso/home.html>

#### Incoterms

- Incoterms by the International Chamber of Commerce: <http://www.iccwbo.org/incoterms/id3042/index.html>.

#### Norwegian Church Aid

- Official website: [www.nca.no](http://www.nca.no)
- NCA Operations Manual: <https://ncaroutines.phb.no/>
- The NCA Procurement Manual: <https://ncaroutines.phb.no/101677/102-procurement-manual>

#### Other:

- The ACP Countries: <http://www.acp.int/node/7>

### 12.2 LOGISTICS TRAINING OPPORTUNITIES

#### Within NCA

- Possibility of Logistics personnel attending custom training events in Oslo.
- GLOL personnel providing familiarisation/training to country office personnel as part of other scheduled events in Oslo.
- GLOL personnel visiting country offices to provide capacity building through workshops and mentoring.



- GLOL personnel providing remote guidance to individual country offices on specific issues.

### Participatory workshops/courses

DG ECHO Partners Website

<http://dgecho-partners-helpdesk.eu/training/start>

Courses on the Single Form, Implementation and the Audit Process available

RedR, UK

[www.redr.org.uk/](http://www.redr.org.uk/)

Variety of courses aimed at increasing skills for disaster relief. Includes logistics training courses in various locations.

Reliefweb

<http://reliefweb.int/training>

Advertises training events within the global humanitarian community.

### On-line/distance learning

ACT Alliance

<https://fabo.org/>

Various trainings provided by ACT Alliance and members

Disasterready.org

[www.disasterready.org](http://www.disasterready.org)

Variety of courses aimed at increasing skills for disaster relief, including

Preventing Corruption in Humanitarian Aid

Partner Capacity Enhancement in Logistics (PARCEL)

Humanitarian Leadership Academy

<https://kayaconnect.org/>

Red Cross and Red Crescent Learning platform for anti corruption

[www.ifrc.org/learning-platform](http://www.ifrc.org/learning-platform)

DG ECHO Partners Website

<http://dgecho-partners-helpdesk.eu/dl/start>

Includes courses on applications, implementation, reporting and auditing

Humanitarian Logistics Certification Programme (Fritz Institute/Chartered Institute of Logistics and Transport)

[www.hlcertification.org](http://www.hlcertification.org)

Modular course typically lasting 18 months cumulating in internationally recognised qualification.

Reliefweb

<http://reliefweb.int/training>

Advertises training events within the global humanitarian community.

Last Mile Learning Anti-corruption training (under internal controls in financial management topic)

<http://pilot.lastmilelearning.org/>

The Cash Learning Partnership

<http://www.cashlearning.org/resources/e-learning>

Provides several on-line training courses related to cash transfer programmes, including market analysis

[www.nca.no](http://www.nca.no)

E-mail: [GlobalLogistikk@nca.no](mailto:GlobalLogistikk@nca.no)

Telephone: +47 22 09 27 00 Fax: +47 22 09 27 20

Street address: Bernhard Getz' gate 3, 0165 Oslo, Norway

Postal address: P.O. Box 7100, St. Olavs plass, 0130 Oslo, Norway

Account no.: 1594 22 87248



**NORWEGIAN CHURCH AID**  
actalliance