



**NORWEGIAN CHURCH AID**  
actalliance

# **Norwegian Church Aid Procurement Manual**

## **Addendum**

### **UNHCR Procurement Procedures**

#### **February 2020**

### **1. Introduction**

UNHCR procurement procedures are detailed in the *Implementing Partnership Management Guidance Note No. 4 (Revision 1), Procurement by Partners under Partnership Agreement, January 2018*. UNHCR requires procurement procedures to be followed that are not currently contained in the NCA Procurement Manual. In order to ensure full compliance with the UNHCR requirements, Procurement Offices will adhere to the procedures contained in UNHCR Guidance Note 4 when undertaking procurements with UNHCR funds. This Addendum has been prepared to highlight the main differences between the UNHCR Guidance Note 4 and the NCA Procurement Manual. This Addendum should always be read in conjunction with the UNHCR Guidance Note 4, which will always take precedence over the NCA Procurement Manual and Addendum.

### **2. Appropriate segregation of duties in procurement to payment cycle**

UNHCR require clearly defined segregation of duties. This can be documented by completing NCA Procurement Manual Annex GEN 2.3 Procurement Authorisation Schedule. This requirement was introduced to the NCA Procurement Manual through the 2019 update to the 2<sup>nd</sup> edition and is mandatory for all Country Offices and NCA partners.

### **3. Formal and informal solicitation methods through Request for Quotation (RFQ), Invitation to Bid (ITB) and Request for Proposal (RFP)**

#### **3.1. Informal Solicitation Method**

The “Simple” procurement procedure described in the NCA Procurement Manual requires just one offer that has been assessed against current market prices, whereas UNHCR require a minimum of three offers in all cases. When undertaking procurements within the UNHCR informal solicitation method, in order to comply with UNHCR solicitation requirements, as many vendors as possible shall be invited to submit their offers in order to obtain no less than 3 valid quotes, unless a lower/lesser competition is duly justified, and a derogation has been formally approved. A minimum floating time or bid flow (no less than three working days) shall be granted to vendors for submitting their offers. Quotes shall be provided in writing and can be submitted in the form of an e-mail, letter or fax, but they can be opened only after the deadline for submission expires. It has to be emphasized that during the execution of an informal solicitation method, the basic procurement principles shall be observed.

#### **3.2. Formal Solicitation Method**

The formal solicitation method shall involve the submission of sealed/secure bids/proposals due by a publicly announced deadline. Ideally the tender documentation is publicly available, ensuring the fair access to all potential suppliers in the market. Furthermore, the solicitation documentation should include clear solicitation provisions, especially in relation to evaluation criteria. The formal solicitation method aims for a written, contractual agreement between buyer and seller. Two formal solicitation methods are typically used: Invitation to Bid (ITB) and Request for Proposal (RFP). These represent two distinct methods of soliciting bids and proposals. The methods can be used for procurement of all types of items. A two-envelope system must be used for both ITB and RFP and a recommended bid flow period of four to eight weeks. If due cause exists, a request for derogation to reduce the bid flow period may be sent to GLOL Oslo.

### **3.2.1. Invitation to Bid (ITB)**

Formal solicitation method applied for procurement of goods, services or works with standard and firm specifications that can be expressed qualitatively and quantitatively and evaluated with a pass/failed criteria. ITB requires the use of formal tendering documents. Submission of offers is subject to a strict deadline, and offers may only be received by personnel not involved in the procurement process. ITBs must use the two-envelope system, requiring suppliers to submit the technical and financial proposals sealed in two separate envelopes. All bidders who pass the technical confirmation are then ranked according to their price offers from lowest to highest. The contract is then awarded to the supplier with the lowest priced offer passing the technical confirmation.

### **3.2.2. Request for Proposal (RFP)**

A formal solicitation method designed to obtain proposals for Goods and/or Services to satisfy a requirement that cannot be described in a quantitative or qualitative manner. RFPs require the use of formal tendering documents. Submission of offers is subject to a strict deadline, and offers may only be received by personnel not involved in the procurement process. RFPs must use the two-envelope system, requiring suppliers to submit the technical and financial proposals sealed in two separate envelopes. The evaluation criteria for both the technical and the financial reviews needs to be established in the RFP stressing the key areas of importance that will be considered in the evaluation. In addition, the ratio between technical and price factors may differ from one RFP to another, for example 70/30 or a 60/40 weighting (technical /price). Proposals are evaluated, ranked and awarded based on a definition of "best value" considering both technical and financial factors.

It should be noted that NCA use the term RFQ for supply contracts and RFP for service and works contracts, whereas UNHCR procedures allow for an RFQ or RFP to be used for all three types of contract. In most cases, the UNHCR ITB process will be followed for supply, services and works contracts funded by UNHCR. Only requirements that cannot be described in quantitative or qualitative manner will use the UNHCR RFP procedure.

## 4. Thresholds

All procurements undertaken by NCA or NCA partners using UNHCR funds will follow the thresholds as described in the *Implementing Partnership Management Guidance Note No. 4 (Revision 1) Procurement by Partners under Partnership Agreement, January 2018*.

These are summarised in the below table, where the threshold is indicated in column 1 and the requirements of UNHCR Guidance Note 4 are indicated in column 2. The procedure to be followed is as indicated in column 3.

1. Procurement value	2. UNHCR Guidance Note 4	3. Procedure to be followed
USD 0 to 500		Direct purchase
USD 501 to 40,000	Informal solicitation method – Request for Quotation	NCA Negotiated procedure – RFQ for supply contracts or RFP for service or works contracts.  Recommended bid flow period 14 days.
USD 40,001 or above	Formal solicitation method – Invitation to Bid or Request for Proposal	NCA Open procedure – RFQ for supply contracts or RFP for service or works contracts  For procurements up to the equivalent value of Euro 300,000 for supply and service, or Euro 3,000,000 for works contracts, the NCA local open procedure will be followed, with the option of using international open if required.  Procurements over these amounts will always follow the NCA international open procedure.  A two envelope system must be used for ITBs and RFPs.  Recommended bid flow period four to eight weeks.

The current UNHCR threshold for formal solicitation methods for Partner is US\$ 40,000 in ordinary operations. The threshold might be changed. Please contact the UNHCR Country Office concerned or PS to obtain information about the valid thresholds.

The threshold for formal solicitation methods applicable for Partners during emergency levels L2 or L3 is US\$ 60,000. Please contact the UNHCR Country Office concerned or PS to obtain information about the valid thresholds.

## **5. Vendor Performance Evaluation**

In order to avoid contractors who have not provided a satisfactory service being re-engaged, contractors should be assessed at the conclusion of any contracts that have been awarded. It is the responsibility of the Procurement Committee to assess contractors once contracts have been fulfilled and concluded. Contractors will be graded as follows:

1. Level 1 – the contractor has successfully completed all requirements of the contract in accordance with all the articles, terms and conditions of the contract. The contractor may bid for future procurement.
2. Level 2- the contractor has mostly completed all requirements of the contract in accordance with all the articles, terms and conditions of the contract. Any issues that the contractor has shown to be weak on should be communicated to the contractor, who should take measures to prevent a repetition. Once the Procurement Committee is satisfied that the necessary corrective measures have been put in place, the contractor may bid for future procurements.
3. Level 3 – the contractor has failed to successfully fulfil all requirements of the contract in accordance with all the articles, terms and conditions of the contract, which has led to termination of the contract or significant delays or increased costs, the contractor will not be permitted to bid for future contracts for a period of five years, after which period, they would be expected to demonstrate that their performance level has improved. The specific reason(s) for inclusion in Level 3 will be communicated to the vendor.

The Procurement Committee will prepare a note to file indicting the performance level of the contractor and any corrective measures necessary for level 2 or justification for exclusion for level 3. The contractor performance level will be indicated in the Country Office Suppliers database.

## **6. Derogations/waivers**

When using UNHCR funds, derogations/waivers will only be applied in the following cases:

- a) When there is no competitive marketplace for the requirement, such as where a monopoly exists, where prices are fixed by legislation, government regulation or where the requirement involves a proprietary product or service.

- b) When there has been a previous determination or there is a need to standardize the requirement;
- c) When offers for identical products and services have been obtained competitively within a reasonable period and the conditions of contract and price remain competitive;
- d) When, within a reasonable prior period, a formal solicitation has not produced satisfactory results;
- e) When the proposed procurement contract is for the purchase or lease of real property and the market conditions do not allow effective competition;
- f) When there is an exigency for the requirement;
- g) When the proposed procurement contract relates to obtaining services that cannot be evaluated objectively; and
- h) When a formal solicitation will not give satisfactory results.

Where one or more of the above circumstances occur, a request should be sent to GLOL Oslo to waive the requirement of the competitive bidding process. Such a decision shall be fully documented and justified in writing and kept in the procurement file for later inspection.

## **7. Running Costs**

The NCA Procurement Manual does not require certain running costs to follow a procurement process. UNHCR Guidance Note 4 differs in that all expenditures with the exception of costs of recruited staff should follow a procurement process. Therefore, when utilising UNHCR funds, running costs will also follow a procurement process.