



Every Woman's Rights and Youth  
Organization for Community Advancement  
(Ewryoca)

## PROCUREMENT MANUAL

2023

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## Foreword

The **(Ewryoca)** is committed to enhancing its effectiveness and efficiency in order to meet the evolving needs of our community and drive institutional transformation. A crucial aspect of this transformation is the Procurement Unit, which plays a central role in implementing the necessary changes within the organization. To support this objective, the **(Ewryoca)** has undertaken a comprehensive revision of its Procurement Manual. The revised manual aims to provide all stakeholders with clear procurement policies and procedures, promoting better governance, accountability, and improved service delivery to both internal and external stakeholders.

This revision process has involved extensive consultations with all stakeholders, ensuring that the resulting Procurement Manual is comprehensive and robust. By establishing a clear procurement governance framework, the manual provides direction and oversight to procurement processes and performance. It defines roles, responsibilities, and required skills within the **(Ewryoca)** Procurement Functions, fostering an environment of integrity and minimizing risks while fulfilling the mandates of the **(Ewryoca)**.

The need for revision arose from the updates made to the Financial and Accounting procedure manual, as well as the incorporation of new and improved practices, policies, procedures, and expertise. The revised Procurement Manual addresses key areas such as general procurement principles, procurement functions, roles, responsibilities, accountability, procurement management principles, and concepts. By implementing the revised manual, the **(Ewryoca)** aims to improve budget execution, contract management, quality service delivery, procurement processing time, emergency operations management, accountability, responsibility, procurement planning, and execution of procurement contracts.

I would like to express my sincere appreciation for the invaluable contribution of the team involved in the revision of this manual. I urge the entire staff of the **(Ewryoca)** and all other stakeholders to fully utilize this manual, which I am confident will instill prudence in the utilization of the limited financial resources provided by our contributing members and partners.

Nesrin nejib  
Executive Director



## Acronyms and Abbreviations

|             |                                  |
|-------------|----------------------------------|
| <b>BOQ</b>  | Bill of Quantities               |
| <b>CFR</b>  | Cost and Freight                 |
| <b>CHC</b>  | Complaints Handling Committee    |
| <b>CIF</b>  | Carriage Insurance and Freight   |
| <b>CIP</b>  | Carriage and Insurance Paid      |
| <b>CPT</b>  | Carriage Paid To                 |
| <b>EOI</b>  | Expression of Interest           |
| <b>FOB</b>  | Free on Board                    |
| <b>GCC</b>  | General Conditions of Contract   |
| <b>LCS</b>  | Least Cost Selection             |
| <b>LOI</b>  | Letter of Invitation             |
| <b>PSI</b>  | Pre-Shipment Inspection          |
| <b>QBS</b>  | Quality Based Selection          |
| <b>QCBS</b> | Quality and Cost Based Selection |
| <b>RFB</b>  | Request for Bids                 |
| <b>RFP</b>  | Request for Proposals            |
| <b>RFQ</b>  | Request for Quotations           |
| <b>SBD</b>  | Standard Bidding Document        |
| <b>SCC</b>  | Special Conditions of Contract   |
| <b>SOW</b>  | Statement of Works               |
| <b>TOR</b>  | Terms of Reference               |
| <b>UIP</b>  | User Initiated Purchase          |

## Definitions and Key Terminology

| Word or Term             | Definition/Description   |
|--------------------------|--|
| originating officer      | An officer of the Business unit having formal authority to initiate procurement processes.                                     |
| Performance Guarantee    | A financial security provided by a supplier or contractor to guarantee his performance under the terms of the contract.        |
| Procurement              | The formal process of acquisition of goods, works or   |
| Procurement Unit         | An established Procurement Unit, or an officer or officers in a <b>(Ewryoca)</b> office bearing responsibility for procurement |
| Request for Bids         | A procurement procedure where bids are evaluated based on lowest price, technically compliant methodology.                     |
| Request for Proposals    | A procurement procedure where proposals are evaluated based on combined price/quality methodology.                             |
| Request for Quotations   | A simple procurement procedure for the purchase of low value goods, works and simple non-consultancy services.                 |
| Retention                | A percentage sum that may be deducted from each payment certificate under a contract for works to guarantee                    |
| Tender Committee         | A Committee appointed by the executive director to deal with all procurements of the <b>(Ewryoca)</b> .                        |
| Tender opening Committee | A committee responsible for opening of tenders and bids for procurement. it can also be referred to as Bid opening Committee.  |

## CHAPTER 1: PREAMBLE

### 1.1 Introduction

The purpose of the Procurement Manual is to establish a standardized framework for the procurement processes within **(Ewryoca)**. This manual aims to ensure transparency, accountability, and compliance with legal and ethical standards in all procurement activities undertaken by the organization.

### 1.2 Purpose of The Manual

The Manual outlines the standards, policies, and procedures to be adhered to in the procurement of goods, works, and services within the **(Ewryoca)**. These standards aim to:

- 1) Provide detailed guidance on the procurement processes.
- 2) Establish uniform procedures for the procurement of goods, works, and services.
- 3) Ensure transparency and accountability in all operations, aligning with donor guidelines where necessary.
- 4) Enhance the efficiency and effectiveness of operations.
- 5) Promote consistent application of procurement best practices and international standards.

### 1.3 Scope, and Application of the Manual

- a) The Manual applies to all procurement of goods, works, and services conducted by all units within the **(Ewryoca)**.
- b) The Manual encompasses the entire procurement cycle, from project initiation to final delivery or performance and contract completion. Its objectives are to:
  - (i) Ensure consistency in decision-making for comparable situations.
  - (ii) Introduce procedures for all procurement activities.
  - (iii) Serve as a point of reference for evaluating principles and practices.
  - (iv) Act as a training manual for **(Ewryoca)** Officers, offering guidance based on best practices.
- c) Consistent application of the provisions and procedures of the Manual across the **(Ewryoca)** is crucial for achieving improved efficiency, transparency, uniformity of documents and decisions, and reduced procurement costs.

#### 1.4. Legal and Regulatory Framework

**(Ewryoca)** is committed to conducting its procurement activities in accordance with applicable local, national, and international laws and regulations. This manual provides guidance on complying with relevant legal frameworks, and any deviations or exceptions must be explicitly documented and justified.

#### 1.5. Revisions to the Procurement Manual

- a) Several factors may necessitate revisions to this Procurement Manual, including:
  - (i) Review of the **(Ewryoca)** Financial and Accounting procedure manual
  - (ii) Introduction of new and improved practices, policies, or procedures.
  - (iii) Removal of outdated practices, policies, or procedures.
  - (iv) Lessons learned from practical experience.
- b) Any proposed amendments to the Procurement Manual shall be submitted to the office executive Director at the **(Ewryoca)** for review and to the Office of resource management for vetting before approval by the **(Ewryoca)** Executive committee and Board of Directors. Until any formal revision is approved, the existing provisions of the Manual shall apply.

## CHAPTER 2: GENERAL CONSIDERATIONS

### 2.1 Procurement Principles

- a) **(Ewryoca)**, being a steward of public funds, and its suppliers must adhere to the highest ethical standards during the entire procurement process, from bidding to contract execution. This commitment supersedes any prior versions, including the **(Ewryoca)** Procurement Manual (First Edition) if applicable.
- b) The **(Ewryoca)** procurement system, emphasizes the following general principles that must be considered in all procurement functions:
  - (i) Value for money
  - (ii) Fairness, integrity, and transparency
  - (iii) Effective competition
  - (iv) Efficiency and Economy
  - (v) The best interests of the **(Ewryoca)**

#### 2.1.1 Value for Money

Value for money is the balance between price and performance that maximizes overall benefits under specified evaluation criteria. Procurement, in line with the **(Ewryoca)** mission, seeks the best value for money, considering factors like life cycle costing and fitness for purpose.

#### 2.1.2 Fairness, Integrity, and Transparency

- a) To achieve best value for money, the procurement process must safeguard **(Ewryoca)** from prohibited practices like fraud, corruption, and collusion. Clear and consistent regulations, rules, and processes must guide each procurement process.
- b) Fairness ensures equal access to opportunities for all suppliers. Integrity demands moral principles and probity in actions, reducing the risk of reputational damage. Transparency guarantees visibility and openness in all procurement processes.

#### 2.1.3 Effective Competition

- a) Effective competition fosters fairness, integrity, and transparency, promoting best value for money.
- b) Conditions for effective competition include a sufficient number of prospective suppliers, independence among them, competition under the same conditions, and an adequate response to procurement opportunities.

#### 2.1.4 Efficiency and Economy

- a) Officers must demonstrate efficiency and economy to avoid delays and achieve value for money.
- b) Procurement processes must be well-organized, considering quantity, quality, timelines, and optimum prices in alignment with **(Ewryoca)** policies.

#### 2.1.5 The Best Interests of the **(Ewryoca)**

- a) Procurement's ultimate objective is to add value to the **(Ewryoca)**, fulfilling goals and objectives.
- b) This overarching objective includes maintaining a positive image and reputation, avoiding impropriety, and promoting public interest in all procurement activities.

#### 2.2 Segregation of Duties

- a) Segregation of Duties is a crucial internal control preventing a single individual from having authority over the entire procurement process. It ensures decentralization and a check-and-balance system. Three main duties—determining the need, undertaking the procurement, and affecting financial aspects must be adequately separated.
- b) Segregation of duties reduces the risk of errors and inappropriate actions, acting as a deterrent to fraud. In situations where full segregation is not possible, detailed supervisory review compensates.

#### 2.2 Transparency, Accountability, and Ethics

2.3 The procurement system must ensure fairness, integrity, transparency, and value for money. The Procurement Manual facilitates procurement for goods, services, and works through effective competitive bidding processes.

2.4 The **(Ewryoca)** requires accountability, fairness, and transparency, emphasizing:

- (i) Officers' accountability and responsibility
- (ii) Efficient procurement in line with principles
- (iii) Proper use of entrusted funds
- (iv) Compliance with **(Ewryoca)** policies and procedures

#### 2.4 Code of Ethics

##### 2.4.1 Ethical Principles

- a. Officers must avoid using their authority for personal gain, maintaining honesty, integrity, and competence.

- b. Officers shall adhere to the Code of Ethics, promoting the highest standards in professional conduct and using resources responsibly.

#### 2.4.2 Corrupt, Fraudulent and Unethical Practices

- a) Ethical procurement reduces risks of poor performance, fiduciary misdirection, and reputational damage.
- b) Prohibited practices such as corruption, fraud, coercion, and collusion are strictly forbidden.

#### 2.4.3 Conflict of Interest

- a) Officers must promptly disclose and address any real, potential, or apparent conflicts of interest.
- b) Disclosure and abstention from procurement processes are mandatory in case of conflicts.

#### 2.4.4 Confidentiality and Accuracy of Information

- a) Officers must respect confidentiality, providing accurate information without misleading.
- b) Furnishing non-public information to bidders or suppliers that may give an unfair advantage or disadvantage is prohibited.

#### 2.4.5 Competition

Officers must treat all bidders and suppliers with fairness, impartiality, and support effective competition.

#### 2.4.6 Gifts and Hospitality

- a) Officers involved in procurement shall not accept gifts or hospitality from current or potential suppliers.
- b) Officers shall refrain from accepting business hospitality that might influence **(Ewryoca)** decisions.

#### 2.4.7 Reporting

Officers have a duty to report unethical conduct by colleagues, bidders, or suppliers to relevant **(Ewryoca)** authorities.

#### 2.5 Examples of Unethical Conduct

- a) Examples of prohibited conduct include revealing confidential information, favouritism, destruction of official documents, and accepting gifts from suppliers.

## 2.6 Obligations of Officers

- a. Ethical behaviour, including impartiality, independence, and integrity, is fundamental. Officers are responsible for promoting and supporting ethical behaviour, creating an environment of transparency and openness.

### 2.6.1 Responsibilities of Officers

Officers must provide guidance, encourage ethical principles, ensure compliance with instructions, and set appropriate levels of financial delegation.

### 2.6.2 Sanctions for Non-compliance with Ethical Standards

Adherence to the Code of Ethics by Officers is obligatory. Any unethical conduct will be considered an offence subject to disciplinary action under the relevant provisions of the **(Ewryoca)** Financial regulation.



## CHAPTER 3: ORGANIZATION OF THE PROCUREMENT FUNCTION

### 3.1 Procurement Function Structure

#### 3.1.1 Authority and Organization

The **(Ewryoca)** recognizes the critical role of a well-organized procurement function. This function operates under the authority of the Resources Management Department, guided by the principles and procedures outlined in this manual.

#### 3.1.2. Procurement Structure of **(Ewryoca)**

The procurement function is structured with dedicated units responsible for various stages of the procurement process. These units collaborate to ensure seamless and effective procurement activities. It comprises various departments and units, each with specific roles and responsibilities related to procurement. The key components include:

### 3.2. Roles and Responsibilities of Key Personnel

#### 3.2.1. Executive Director's Roles and Responsibilities:

The Executive Director holds the ultimate responsibility for approving budget allocations, ordering goods or services, certifying satisfactory receipt, and authorizing payments. This role ensures the overall alignment of procurement activities with the organization's goals.

##### 1) Approval to Incur or Commit Expenditure:

- Grant approval for the organization to incur or commit expenditure on goods, services, or works.
- Ensure that proposed expenditures align with the organization's budget and strategic objectives.

##### 2) Budget Planning and Allocation:

- Lead the planning and allocation of budgets for procurement activities.
- Collaborate with relevant departments to determine budgetary needs for procurement.

##### 3) Strategic Oversight:

- Provide strategic oversight to the entire procurement function.
- Align procurement activities with the organization's overall goals and mission.

##### 4) Decision-Making on Procurement Strategies:

- Make decisions on the procurement strategies to be adopted by the organization.
- Review and approve major procurement plans and initiatives.

##### 5) Ordering Goods or Services:

- Initiate the procurement process by ordering goods or services as needed.
- Ensure that orders are placed with qualified suppliers and align with organizational requirements.

##### 6) Certifying Satisfactory Receipt:

- Review and certify the satisfactory receipt of goods or the completion of services.
- Ensure that delivered goods or completed services meet the specified standards.

##### 7) Authorization of Payments:

- Authorize payments for goods, services, or works procured by the organization.
- Verify that payments are in accordance with contractual terms and conditions.

##### 8) Compliance with Policies and Regulations:

- Ensure compliance with internal procurement policies, as well as local and international regulations.

- Stay informed about changes in relevant laws and regulations affecting procurement.
- 9) Leadership and Management:
  - Provide leadership and direction to the procurement team and other relevant personnel.
  - Foster a culture of transparency, accountability, and ethical conduct within the procurement function.
- 10) Stakeholder Communication:
  - Communicate with key stakeholders, including the Procurement Committee, other organizational departments, and external partners.
  - Foster collaboration and coordination among various stakeholders involved in the procurement process.
- 11) Risk Management:
  - Oversee the identification and management of risks associated with procurement activities.
  - Implement strategies to mitigate risks and ensure the continuity of procurement operations.
- 12) Continuous Improvement Initiatives:
  - Promote continuous improvement in procurement processes and procedures.
  - Encourage innovation and efficiency in the execution of procurement activities.
- 13) Contract Review and Approval:
  - Review and approve contracts before they are finalized.
  - Ensure that contractual terms are in the best interest of the organization.
- 14) Emergency Procurements:
  - Provide guidance and authorization for emergency procurements when necessary.
  - Ensure that emergency procurements comply with relevant policies and regulations.

### 3.2.2. Procurement Committee Responsibilities

The Procurement Committee plays a crucial role in overseeing and guiding the procurement function within **(Ewryoca)**, ensuring that procurement activities are conducted efficiently, ethically, and in compliance with applicable regulations and policies. Adjust the responsibilities based on the specific needs and context of **(Ewryoca)**.

- 1) Approval of Procurement Plans:
  - Review and approve the organization's annual procurement plans.
  - Ensure alignment of procurement plans with the overall strategic objectives of **(Ewryoca)**.
- 2) Review and Approval of Budget Allocations:
  - Examine and approve budget allocations for procurement activities.
  - Verify that allocated budgets are adequate for the planned procurement needs.
- 3) Policy Development and Oversight:
  - Develop and update procurement policies, procedures, and guidelines.
  - Provide oversight to ensure adherence to established procurement policies.
- 4) Bid Evaluation and Contract Award:
  - Participate in the evaluation of bids or proposals received.
  - Approve the awarding of contracts based on evaluation criteria.
- 5) Monitoring Compliance:
  - Monitor and ensure compliance with legal and regulatory requirements in procurement activities.

- Conduct periodic reviews to assess compliance with internal policies.
- 6) Resolution of Procurement Issues:
  - Address and resolve issues or disputes related to procurement.
  - Provide guidance on complex procurement matters.
- 7) Vendor Performance Evaluation:
  - Establish criteria for evaluating the performance of vendors and contractors.
  - Periodically review vendor performance reports and take necessary actions.
- 8) Risk Management:
  - Assess and manage risks associated with procurement activities.
  - Develop strategies to mitigate risks and enhance the efficiency of the procurement process.
- 9) Review and Approval of Exception Requests:
  - Evaluate and approve requests for exceptions to procurement policies.
  - Ensure that exceptions are documented and justified.
- 10) Continuous Improvement Initiatives:
  - Promote continuous improvement in the procurement process.
  - Identify opportunities for efficiency gains and cost savings.
- 11) Training and Capacity Building:
  - Oversee training programs for procurement personnel.
  - Ensure that procurement staff are equipped with the necessary skills and knowledge.
- 12) Reporting:
  - Provide regular reports to higher organs or management on procurement activities.
  - Ensure transparency in reporting and disclosure of procurement information.
- 13) Ethical Standards and Code of Conduct:
  - Uphold and promote ethical standards in procurement activities.
  - Enforce a code of conduct for all involved in the procurement process.
- 14) Emergency Procurements:
  - Establish procedures for emergency procurements and provide approval when necessary.
  - Ensure that emergency procurements comply with relevant policies.
- 15) Collaboration with Other Organs:
  - Collaborate with other relevant organs or departments to facilitate smooth procurement processes.
  - Foster communication and coordination among various stakeholders.

### 3.2.3. Procurement Department Roles and Responsibilities:

The Procurement Department plays a pivotal role in the effective and efficient execution of the procurement process within the **(Ewryoca)**. The roles and responsibilities of the Procurement Department encompass various key functions:

1. Strategic Planning:
  - Collaborate with relevant stakeholders to align procurement strategies with the overall goals and objectives of the **(Ewryoca)**.
  - Contribute to the development of long-term and annual procurement plans that optimize resource utilization.
2. Policy Development and Compliance:
  - Formulate and update procurement policies, ensuring alignment with legal and regulatory frameworks.
  - Monitor and enforce compliance with procurement policies and procedures across all procurement activities.
3. Vendor Management:

- Identify and qualify potential suppliers through rigorous assessment processes.
  - Develop and maintain strong relationships with vendors to ensure the timely and reliable provision of goods, services, and works.
4. Budgeting and Cost Estimation:
    - Collaborate with finance and project management units to develop accurate budget estimates for procurement activities.
    - Monitor expenditures to ensure adherence to approved budgets.
  5. Procurement Planning:
    - Engage in short-term and long-term procurement planning to meet the immediate and future needs of the organization.
    - Coordinate the compilation of Annual Procurement Plans from individual units within the department.
  6. Sourcing and Tendering:
    - Select appropriate procurement methods based on the nature of goods, services, or works required.
    - Oversee the preparation and issuance of Requests for Proposal (RFPs) and tenders.
  7. Bid Evaluation and Negotiation:
    - Establish criteria for the evaluation of bids, ensuring a fair and transparent selection process.
    - Conduct negotiations with vendors to secure favorable terms and conditions.
  8. Contract Management:
    - Develop and administer contracts, including defining terms, conditions, and obligations.
    - Monitor vendor performance to ensure adherence to contractual agreements.
  9. Record-Keeping and Documentation:
    - Establish and maintain a systematic record-keeping process for all procurement activities.
    - Ensure that documentation requirements are met throughout the procurement lifecycle.
  10. Ethics and Compliance:
    - Uphold high ethical standards within the Procurement Department.
    - Implement and enforce conflict of interest policies and whistleblower protection mechanisms.
  11. Training and Development:
    - Implement training programs to enhance the skills and knowledge of procurement personnel.
    - Foster a culture of continuous learning and professional development within the department.
  12. Reporting and Transparency:
    - Generate reports on procurement activities, ensuring accuracy and compliance with reporting requirements.
    - Promote transparency and disclosure in procurement processes.
- 3.2.4. Roles and Responsibilities of the Finance Department
    1. Budgeting:
      - Develop and manage the organization's budget in collaboration with other departments.
      - Provide financial insights to support the planning and allocation of funds for various activities, including procurement.
    2. Financial Reporting:

- Prepare accurate and timely financial reports for management, the Executive Director, and other stakeholders.
  - Ensure compliance with accounting standards and regulatory requirements.
3. Expenditure Approval:
    - Review and approve budget allocations for procurement activities.
    - Verify that proposed expenditures align with the organization's overall financial goals and strategic objectives.
  4. Financial Analysis:
    - Conduct financial analyses to support decision-making.
    - Provide insights into the financial implications of procurement decisions and strategies.
  5. Cash Flow Management:
    - Monitor and manage the organization's cash flow to ensure liquidity.
    - Coordinate with the Procurement Department to align cash flow with procurement activities.
  6. Risk Management:
    - Identify financial risks associated with procurement activities.
    - Develop and implement strategies to mitigate financial risks and ensure the financial stability of the organization.
  7. Audit Coordination:
    - Collaborate with internal and external auditors to facilitate financial audits.
    - Ensure compliance with audit recommendations and implement corrective actions.
  8. Financial Policies and Procedures:
    - Develop and enforce financial policies and procedures.
    - Ensure that financial processes align with regulatory requirements and industry best practices.
  9. Grant and Fund Management:
    - Manage grants and funds received by the organization.
    - Ensure proper financial stewardship and reporting for grants related to procurement activities.
  10. Tax Compliance:
    - Ensure compliance with tax regulations and reporting requirements.
    - Provide support during tax filings and audits.
  11. Financial Training and Communication:
    - Provide financial training to staff involved in procurement activities.
    - Communicate financial policies and guidelines to relevant departments.
  12. Cost Control and Efficiency:
    - Implement cost control measures to optimize financial resources.
    - Work collaboratively with the Procurement Department to identify cost-saving opportunities.
  13. Financial Strategy Development:
    - Contribute to the development of financial strategies aligned with organizational goals.
    - Provide financial insights for strategic decision-making, including those related to procurement.
  14. Vendor Payment Processing:
    - Oversee the processing of vendor payments in accordance with contractual terms.
    - Ensure accuracy and timeliness in payment disbursements.

15. Financial Compliance:

- Ensure compliance with financial regulations and standards.
- Implement internal controls to safeguard financial assets.

3.2.5 Roles and Responsibilities of the User Department:

1. Identifying Procurement Needs:

- Clearly articulate and document the department's procurement needs and requirements.
- Work collaboratively with the Procurement Department to define specifications and criteria for goods, services, or works.

2. Participation in Procurement Planning:

- Collaborate with the Procurement Department in the planning phase to communicate upcoming needs and assist in developing procurement plans.
- Provide input on budgetary considerations related to procurement requirements.

3. Requesting Procurement:

- Initiate the procurement process by formally submitting requests to the Procurement Department.
- Clearly communicate the specifications, quantity, and any specific requirements for the goods, services, or works needed.

4. Cooperation with Procurement Committee:

- Collaborate with the Procurement Committee during the evaluation and selection of suppliers.
- Participate in bid evaluation processes and provide input on supplier selection.

5. Budget Compliance:

- Ensure that procurement requests align with the department's allocated budget.
- Collaborate with the Finance Department to secure budget approvals for proposed procurements.

6. Quality Assurance:

- Specify quality standards and expectations for procured goods or services.
- Work closely with the Procurement Department to ensure that selected suppliers meet the required quality criteria.

7. Inspection of Deliverables:

- Participate in the inspection of delivered goods or completed services to verify their compliance with specified standards.
- Provide feedback to the Procurement Department regarding the satisfactory receipt of goods or services.

8. Timely Response to Procurement Inquiries:

- Respond promptly to inquiries from the Procurement Department regarding specifications, clarifications, or additional information related to procurement requests.
- Facilitate open communication to address any concerns or queries.

9. Compliance with Organizational Policies:

- Adhere to organizational procurement policies and procedures.
- Work in collaboration with the Procurement Department to ensure that procurement activities align with established guidelines.

10. Vendor Performance Evaluation:

- Provide feedback on the performance of vendors and contractors.
- Collaborate with the Procurement Department to assessing the overall performance of suppliers.

11. Collaboration with Logistics:

- Work in tandem with the Logistics Department to coordinate the receipt and distribution of procured goods.
  - Provide necessary information to facilitate seamless logistics operations.
12. Training and Awareness:
- Stay informed about procurement policies, procedures, and best practices.
  - Participate in training sessions organized by the Procurement Department to enhance understanding of procurement processes.
13. Ethical Conduct:
- Uphold ethical standards in all interactions related to procurement.
  - Report any conflicts of interest or ethical concerns to the Procurement Committee or appropriate authorities.
14. Feedback and Continuous Improvement:
- Provide constructive feedback to the Procurement Department for process improvement.
  - Actively participate in debrief sessions to discuss the outcomes of completed procurement activities.
- 3.2.5. Roles and Responsibilities of the Internal Auditor
1. Procurement Process Evaluation:
- Assess the efficiency and effectiveness of the procurement process, from requisition to payment.
  - Review procurement policies and procedures to ensure compliance with best practices and organizational standards.
2. Vendor Due Diligence:
- Conduct due diligence on vendors to assess their financial stability, reputation, and compliance with contractual obligations.
  - Evaluate the effectiveness of the vendor selection process.
3. Contract Compliance:
- Verify that procurement contracts are in compliance with organizational policies, legal requirements, and donor specifications.
  - Examine contract terms and conditions to ensure they align with the organization's objectives.
4. Bid Evaluation:
- Review the evaluation of bids to ensure fairness, transparency, and adherence to predetermined criteria.
  - Assess the documentation and decision-making process for bid evaluations.
5. Risk Management in Procurement:
- Evaluate the effectiveness of risk management practices within the procurement function.
  - Identify and address potential risks associated with procurement activities.
6. Fraud Detection in Procurement:
- Conduct investigations related to fraudulent activities in procurement.
  - Implement measures to detect and prevent fraud within the procurement process.
7. Conflict of Interest:
- Monitor and assess potential conflicts of interest in procurement activities.
  - Provide guidance on managing and mitigating conflicts to ensure impartiality.
8. Budgetary Compliance:
- Review procurement activities to ensure alignment with approved budgets.
  - Assess the accuracy and reliability of financial information related to procurement expenditures.

9. Procurement Recordkeeping:

- Evaluate the completeness and accuracy of procurement documentation and records.
- Ensure that records are maintained in accordance with established policies and regulations.

10. Compliance with Donor Requirements:

- Assess compliance with donor requirements related to procurement activities.
- Verify that procurement processes align with the terms and conditions set by donors.

11. Procurement Ethics and Integrity:

- Audit procurement processes to ensure adherence to ethical standards and integrity.
- Promote a culture of ethical conduct within the procurement function.

12. Emergency Procurements:

- Assess the justification and documentation for emergency procurements.
- Ensure that emergency procurement procedures comply with organizational policies and regulations.

13. Training and Capacity Building:

- Provide training to procurement staff on internal controls, compliance, and ethical standards.
- Support capacity building initiatives to enhance the skills of the procurement team.

14. Continuous Improvement in Procurement:

- Identify opportunities for process improvement within the procurement function.
- Recommend enhancements to procurement policies and procedures based on audit findings.

15. Collaboration with Procurement and Management:

- Work collaboratively with the Procurement Department to address audit findings and implement improvements.
- Communicate effectively with management to share insights and provide assurance on procurement processes.

3.3. Procurement Committee Composition and Appointment:

The Procurement Committee, consisting of five members, is to be appointed by the Executive Director (ED) of **(Ewryoca)**. The composition of the committee is as follows: **(Ewryoca)**.



| Position                    | Appointee                                    | Role  |
|-----------------------------|--|---|
| Chairperson                 | Program Manager                              | Oversees and guides the activities of the Procurement Committee.  |
| <b>Member</b>               | Finance Head                                 | Contributes financial expertise and insights to the committee's decision-making process.  |
| <b>Member</b>               | Requesting or User Department Representative | Represents the end-user department, ensuring their perspectives and requirements are considered.  |
| <b>Member</b>               | Logistics Head                               | Serves as a member of the committee and also acts as the Secretary, maintaining records and facilitating communication.                     |
| <b>Member and Secretary</b> | Contract administration officer              | Contributes a focus on ethical standards, compliance with regulations, and fostering a culture of integrity within the procurement process. |

### 3.4. Segregation of Duties in Procurement

Segregation of duties (SoD) in procurement is a critical internal control mechanism designed to prevent conflicts of interest, fraud, and errors by distributing key responsibilities among different individuals or departments. This segregation helps ensure that no single individual has unchecked control over the entire procurement process. Below are common procurement duties that should be segregated to strengthen internal controls:

#### 1) Procurement Requestor (User Department)

- Responsible for identifying procurement needs.
- Initiates the procurement process by submitting a requisition.

#### 2) Procurement Officer

- Evaluates supplier options, obtains quotes, and ensures compliance with procurement policies.
- Prepares and sends purchase orders.

#### 3) Receiving Department

- Certifies the satisfactory receipt of goods or services.
- Communicates any discrepancies to the procurement officer.

#### 4) Finance/Accounts Payable

- Verifies invoices against purchase orders and receipt certifications.
- Authorizes payment to suppliers.

#### 5) Internal Auditor

- Conducts periodic audits to ensure compliance with procurement policies.
- Reviews the effectiveness of internal controls.

### 3.4 Procurement Function Review

- (a) Regular reviews of the procurement function are conducted to assess its efficiency, effectiveness, and adherence to established policies.
- (b) Internal and external audits may be conducted to ensure compliance with the Procurement Manual, the **(Ewryoca)**. Financial and Accounting procedure manual, and other relevant legal instruments.

### 3.5 Procurement Function Training

- (a) Continuous training and professional development are integral to the procurement function. The **(Ewryoca)**. invests in the skills and knowledge of its procurement team to ensure they stay abreast of industry best practices.
- (b) Training programs cover various aspects of procurement, including changes in regulations, technological advancements, and ethical considerations.

### 3.6 Procurement Function Reporting

- (a) The procurement function submits regular reports to the Resources Management Director, executive Director, Ethics & Compliance Department and relevant oversight bodies.
- (b) Reports include key performance indicators, compliance assessments, and recommendations for improvements. Transparency in reporting is crucial to maintain accountability.

### 3.7 Procurement Function Support

- (a) Adequate resources, both human and financial, will be allocated to the procurement function to ensure its effectiveness.
- (b) The **(Ewryoca)**. promotes a culture of support for the procurement function, recognizing its pivotal role in achieving the organization's objectives.

### 3.8 Procurement Function Continuous Improvement

- (a) Continuous improvement is embraced within the procurement function. Lessons learned from reviews, audits, and feedback will be used to enhance processes and procedures.
- (b) The procurement function actively seeks ways to streamline operations, increase efficiency, and align with evolving best practices in procurement.

## CHAPTER 4: PROCUREMENT MANAGEMENT STAGES

### 4.1 Planning

- a) Procurement planning is the process of assessing and projecting the procurement needs of the **(Ewryoca)**. to determine its procurement strategy. Developing a strategic approach to procurement through appropriate planning is crucial for the successful acquisition of goods, services, and works, ensuring timely project implementation.
- b) Adequate procurement planning and prioritization of needs are prerequisites for effective purchasing, for the following reasons:
  - (i) Funding limitations require the channeling of scarce financial resources to prioritize essential **(Ewryoca)**. goals before less critical procurements.
  - (ii) Effective planning allows aggregating requirements into larger purchases, reducing unit costs.
  - (iii) Aggregation of Common Use items permits economies of scale through annual Framework (Call-off) Contracts involving multiple business units.

#### 4.1.1 Types of Procurement Planning

##### (a) Short-term Planning

- (i) Procurement Units collaborate with Business units for short-term planning, focusing on the current budgetary period. Optimal fund utilization through the budgetary period is crucial for obtaining quality goods, services, and works at competitive prices.
- (ii) Business units should avoid last-minute requisitions to ensure a transparent, open, efficient, and timely procurement process.

##### (b) Long-term Planning

Procurement Units engage in long-term planning covering the forthcoming budgetary period, showcasing professional fund management in the best interests of the **(Ewryoca)**. .

##### (c) Annual Procurement Plans

- (i) Each Procurement Unit compiles and coordinates its Annual Procurement Plan, submitting it to the Procurement Committee.
- (ii) The Procurement Committee analyzes the plans, introducing innovative procurement support services for **(Ewryoca)**. -wide benefits.
- (iii) Finalized Annual Procurement Plans receive approval from the executive committee.

#### 4.1.2 Initiate Procurement Requirement

- (a) A requirement may originate from the Business unit, with the estimated cost already included in the approved annual procurement plan and budget.
- (b) A requisition, whether written or computerized, must include detailed information:
  - (i) Description of goods, works, or services.
  - (ii) Confirmation of fund availability
  - (iii) Quantity
  - (iv) Required delivery or completion date.
  - (v) Delivery or service location
  - (vi) Estimated price.
  - (vii) Additional information (e.g., standardization or INCOTERMS)

#### 4.2 Requirement Definition

- (a) Requirements definition systematically outlines procurement needs based on the requisition, stating them in the product specification.
- (b) The requisitioner, supported by the Procurement Unit, is responsible for defining needs. The Procurement Unit evaluates requirements, advising on sustainable solutions, and considering environmental and social responsibility aspects.
- (c) Requirements must be generic, excluding brand names, model numbers, or trademarks unless essential for standardization.

##### 4.2.1 Types of Requirement Specifications for Goods, Services, and Works

- (a) Technical Specifications
  - (i) Functional specifications define what goods/services should do.
  - (ii) Performance specifications define the output of goods/services.
  - (iii) Conformance specifications define physical characteristics and dimensions.
- (b) Terms of Reference (TOR)
  - (i) Background for the service
  - (ii) Objective of the service
  - (iii) Clearly defined outputs
  - (iv) Social and environmental requirements
  - (v) Inputs required.
  - (vi) Deliverables
  - (vii) Timelines
- (c) Statement of Work (SOW)

SOW outlines work contracts, including detailed requirements and pricing, e.g., Bill of Quantities (BoQ).

#### 4.2.2 Standardization

Standardization is acceptable for identical goods, equipment, technology, or works procured recently for compatibility or increased supply.

#### 4.3 Approach to the Market and Selection of Suppliers

- (a) Identifying suitable suppliers capable of fulfilling requirements precedes issuing bidding documents, involving methods like market research, Request for Information (RFI), pre-qualification, and Request for Expressions of Interest (EOI).

##### 4.3.1 Market Research

- (a) Market research, concurrent with requirements definition, involves collecting and analyzing industry and market information.
- (b) Tools for market research include advertisements, supplier registers, lessons from past procurements, external sources, and professional bodies.

##### 4.3.2 Request for Information (RFI)

- (a) RFI obtains information to identify potential solutions without qualifying suppliers. RFI details are published on the **(Ewryoca)**. website.

##### 4.3.3 Pre-qualification of Bidders

- (a) Formal assessment of suppliers against criteria precedes inviting qualified bidders to tender. Pre-qualification is suitable for large or complex works, ensuring capable and qualified suppliers.
- (b) Pre-qualification criteria consider experience, capabilities, licensing, and financial resources. Results are added to the standing Registers of Suppliers.

##### 4.3.4 Request for Expressions of Interest (EOI)

- (a) Similar to pre-qualification, EOI creates a consultant shortlist. Advertise publicly, allowing consultants meeting minimum requirements to submit detailed proposals.
- (b) Advertisement includes **(Ewryoca)**. website, journals, and contacting professional organizations.

##### 4.3.5 Use of Supplier Registers

**(Ewryoca)**. maintains a supplier register for supplier identification.

#### 4.4 Type of Competition

- (a) Selecting procurement methods and competition types considers procurement value, technical considerations, market conditions, operational environment, contract type, and donor/funding source requirements.

#### 4.4.1 Open Competition

- (a) Preferred method, ensuring fair competition through public advertisement on the **(Ewryoca)**. website, providing equal access.

#### 4.4.2 Limited Competition

- (a) Held with valid reasons, restricting suppliers (usually 3 to 8) from participating.
- (b) Valid reasons include security implications, sensitivity, budget thresholds, limited suppliers, emergency procurement, or previous failed open competition.
- (c) The Procurement Unit uses approved databases unless no prequalified suppliers exist.

#### 4.4.3 Non-Competitive

Non-competitive procedures, such as direct contracting, apply under limited circumstances, with no possibility of competition, ensuring efficiency and economy.

### 4.5 Selection Methods for **(Ewryoca)**.

In the context of the **(Ewryoca)** various selection methods are available to cater to the unique needs and nature of the fund. The selection methods outlined below take into account the specific criteria and considerations relevant to the **(Ewryoca)**. .

#### 4.5.1 Request for Quotation (RFQ)

- (a) The RFQ method involves competitive selection based on quotations from at least three suppliers.
- (b) It is suitable for low-value requirements, readily available off-the-shelf products or services, and clear, specific, and easily specified goods or services.
- (c) Successful suppliers receive a purchase order (PO), and special terms and conditions may apply.
- (d) RFQs mandate a submission deadline communicated to all prospective bidders.
- (e) Quotations must be in writing, and segregation of duties is encouraged where resources permit.
- (f) Contract awarded to the bidder demonstrating the best value for money and acceptable compliance.

#### 4.5.2 Request for Bids (RFB)

- (a) RFB is a formal selection method where suppliers submit bids for goods, services, or straightforward works.
- (b) Used for open and limited competition when requirements are clearly and completely specified.

- (c) Evaluation is based on a pass/fail quantitative basis without subjective information.
- (d) RFBs have defined deadlines and bid receipt and opening procedures are followed.
- (e) Contract awarded to the lowest-priced bidder meeting all requirements in bidding documents.

#### 4.5.3 Direct Selection

- (a) Appropriate for various situations, including standardized requirements, failed previous procurement, emergency situations, and national security considerations.
- (b) Direct procurement requests must be justified and approved by the executive committee members.
- (c) Supplier submits a written offer based on **(Ewryoca)**. requirements, and negotiations may occur.
- (d) Evaluation report approval precedes the final contract issuance.

#### 4.5.4 Request for Proposal (RFP)

- (a) Used for complex procurements where requirements can't be quantitatively or qualitatively expressed.
- (b) Involves a technical and financial proposal, with a defined bid deadline and clear evaluation methodology.
- (c) Emphasizes cumulative analysis evaluation methodology.
- (d) Evaluation criteria and weightings specified in bidding documents.

#### 4.5.5. Exceptions to selection methods

- (a) In exceptional circumstances, a contract award may be made by exception to the procurement methods mentioned above.
- (b) The following purchases are exempt from competition as competition is normally not practicable and or available for such goods and services:
  - (i) Honorarium and Workshop/Training/Meeting Facilitators' fees where the **(Ewryoca)**. has a fixed approved rate.
  - (ii) Fund transfers as a result of an agreement between the **(Ewryoca)**. and another institution
  - (iii) Performing Artists
  - (iv) Writers
  - (v) Journal subscriptions
  - (vi) Memberships
  - (vii) Photography services

- (viii) Advertisements e.g newspapers, magazines, journals, websites, radio, television or similar public media.
- (ix) Utilities
- (x) Design competitions

#### 4.5.5. Framework/Call-Off Contracts

- (a) Framework (or "call-off") Contracts shall be used, wherever practical, in(**Ewryoca**). to provide an efficient, cost-effective, and flexible means to procure goods, works, or services that are required continuously or repeatedly by (**Ewryoca**). over a set period of time.
- (b) A framework agreement is a long-term agreement with a supplier (or multiple suppliers) which sets out the terms and conditions and agreed pricing under which specific procurements (call-offs) can be made throughout the duration of the agreement.
- (c) Framework contracts are particularly useful for goods, works, and services items that are readily available in the market or are for goods of relatively short shelf life.
- (d) Vehicle maintenance, cleaning services, on-call routine maintenance and minor repair works, office supplies, and medical supplies are examples of the types of procurement that may be efficiently purchased under a framework contract.
- (e) The objective of framework contracts is to minimize the cost and effort wasted in the preparation of multiple similar small procurement processes by agreeing on fixed item prices with a supplier for a set period of time. The aggregation of requirements will result in greater price competition among providers to win the right to supply all requirements of (**Ewryoca**). for the subject of the framework contract.
- (f) Readily available common supplies directly from the supplier will also minimize the requirement for stockholding within the (**Ewryoca**). Stores.
- (g) If a framework agreement exists for the types of goods or services to be procured, orders can be placed against the agreement without further competitive bidding. A framework agreement can only be used to procure the exact goods or services specified in the agreement; if other goods or services are required from the supplier, then normal procurement procedures must be followed.



- (h) Where a call-off has been made against an existing framework agreement, no further approval is required from the relevant authority prior to placing the order.

#### 4.5.5.1 Establishment of Framework Contracts

- (a) Where aggregation of requirements for more than one Business unit is anticipated to bring additional benefit in procurement costs or administrative effort, the Procurement Unit shall direct a Business unit to coordinate its procurement requirements through a nominated Business unit.
- (b) Open tendering procedures shall be used for the establishment of framework contracts and use a standard bidding document and contract format provided for the purchase.
- (c) Under a framework contract, a bidder shall indicate the unit rate for each item.
- (d) The Entity shall indicate the estimated quantity or value of the procurement where this is possible or necessary to obtain competitive bids but shall not make a commitment to purchase any quantity or value.
- (e) A framework contract shall state the arrangements for obtaining specific requirements during the period of the contract, using placement of "call-off" or delivery orders where appropriate.
- (f) Payment shall be made on the basis of the works, services, or supplies actually delivered or performed.
- (g) A framework contract shall include fixed prices and/or a clause for price adjustment.
- (h) The Procurement Unit in consultation with the Business unit will:
  - (i) Identify specific procurements that would benefit from framework contracts by examining annual values and numbers of orders for related procurements.
  - (ii) Prepare detailed specifications of requirements, a bidding document, and draft advertisement.
  - (iii) Issue an open tender for each annual requirement, subdivided into lots as appropriate and subject to an indefinite quantities clause.
  - (iv) Follow standard procedures for the opening, evaluation, and award of contract.
  - (v) The duration of the contract shall be determined in the bidding document but shall usually be for 3 years but should never exceed 5 years, after which a new procurement process shall be launched/advertised.

- (vi) Subject to performance, the contract may be renewed once for a period not exceeding 2 years.
- (vii) Following completion of the award, call-off or delivery orders will be issued as a simple Purchase Order for specific requirements as and when needed during the period of the framework contract.
- (viii) For the procurement of items subject to framework contracts, the Procurement Unit shall not be permitted to purchase the same items by any other process except in cases where the contractor cannot deliver within the specified times.

#### 4.6. User-Initiated Purchase (UIP)

User Initiated Purchase (UIP) is a delegated procurement authority to User Departments which provides User Departments with the ability to initiate *direct interaction leading to the selection of a Contractor*. As with standard requisitions, Directors and above are authorized to initiate UIPs. Such **(Ewryoca)**. Staff are responsible for effective management of their budgeted resources and therefore shall be fully accountable for all expenditures incurred through the use of UIPs.

The Following regulations shall apply for UIPs:

- (i) The estimated amount of the Transaction is *no more than Birr 20,000*
- (ii) The requirement shall be *limited to off-the-shelf*, standard commercially available Goods and Services (Catering services, Accommodation, Conference Package, Stationeries for meetings, car hire)
- (iii) User departments are required to *use standard solicitation documents* as prescribed in this manual.
- (iv) This method *shall not be used for hiring consultants and for procurement of goods and services that leads to framework Contract*.
- (v) Requirements *shall not be split or desegregated* in order to remain under the designated threshold.
- (vi) The user departments shall be responsible for *issuing PO, Issue Service Entry sheet, ensure delivery of Goods to stores for Goods Received Note, and ensure payment* is done on timely basis to the vendor.

#### 4.7. Procurement under Disaster and Emergency Situations

- (a) Procurement of goods and works, under disaster and emergency assistance, shall incorporate greater flexibility. Open competition shall be relaxed in favour of limited competition as appropriate, with an abbreviated bidding period. Direct

Contracting to contractors and suppliers, with unit rates negotiated around those in effect for the existing contracts, and adjustments, as required, for inflation and physical factors.

- (b) The **(Ewryoca)**. shall develop guidelines of procurement to be used in disaster and emergency situation.

#### 4.8. Time Scales for Procurement Methods

The following are minimum bidding periods should be allowed:

| Open competition       | Four weeks from date of first advertisement |
|------------------------|---|
| Limited Competition    | 1-2 weeks                                   |
| EOI / Prequalification | 2 weeks                                     |

#### 4.9 The Selection and Employment of Consultants

- (a) The procurement of consultant services is a specialised form of procurement requiring bidding procedures and the use of merit-point evaluation systems (RFP) and two-envelope bidding procedures are routine features in the procurement and selection of consultants. Selecting consultants for long or complex assignments on the basis of cost alone is unlikely to achieve the required quality of services.
- (b) Consultancy service shall be a service of an intellectual or knowledge -based, highly specialised or of an advisory nature, provided by an individual or firm that is skilled and qualified in a particular field or profession; and appointed for the purpose of providing services on a pre-determined time frame and specific terms and conditions. The following conditions shall apply.
- (i) The Consultancy shall be for a period not exceeding 6 months except in circumstances where the complexity and duration of an assignment may warrant otherwise.
  - (ii) The Consultancy shall comprise of tasks that involve expert skills or capabilities that would not normally be expected to reside within the Entity.
  - (iii) The work in the assignment shall not be of a routine nature.
  - (iv) The consultant shall be paid a fee, not a salary.
  - (v) The consultant shall work independently.

##### 4.9.1 Conflict of Interest

- (a) **(Ewryoca)**. policy requires consultants to provide professional, objective, and impartial advice, and at all times hold the Client's interest's paramount, without any consideration for future work, and strictly avoid conflicts with other assignments or their own corporate interests.

- (b) Consultants shall not be hired for any assignment that would be in conflict with their prior or current obligations to other clients, or that may place them in a position of not being able to carry out the assignment in the best interests of the Client.
- (c) Without limitation on the generality of this rule, consultants shall not be hired under the circumstances set forth below:
  - (i) Conflict between consulting activities and procurement of goods, works or services: A firm that has been engaged to provide goods, works, or services for a project, and each of its affiliates, shall be disqualified from providing consulting services related to those goods, works or services. Conversely, a firm hired to provide consulting services for the preparation or implementation of a project, and each of its affiliates, shall be disqualified from subsequently providing goods, works or services resulting from or directly related to the firm's consulting services for such preparation or implementation (other than a continuation of the firm's earlier consulting services for the same project).
  - (ii) Conflict among consulting assignments: Neither consultants (including their personnel and sub-consultants) nor any of their affiliates shall be hired for any assignment that, by its nature, may be in conflict with another assignment of the consultants.
  - (iii) Relationship with **(Ewryoca)**. staff: Consultants (including their personnel and subconsultants) that have a business or family relationship with a member of **(Ewryoca)**. staff (or of the Client staff, or of a beneficiary of the assignment) who are directly or indirectly involved in any part of: (i) the preparation of the TOR of the contract, (ii) the selection process for such contract, or (iii) supervision of such contract may not be awarded a contract.

#### 4.9.2 Merit-Point Systems

- (a) The use of merit-point evaluation systems and two-envelope bidding procedures are routine features in the procurement and selection of consultants. Selecting consultants for long or complex assignments on the basis of cost alone, is unlikely to achieve the required quality of services.
- (b) A merit point system uses a point-scoring basis to determine the winning bidder. Points are awarded for technical capability and usually for the financial cost, according to criteria specified in the bidding documents. The bidder scoring the

highest number of points is usually recommended for the award of contract.

- (c) Where cost is a factor in selection, technical quality for consultancy assignments is normally awarded 70-80% of the total points and cost 20-30%.
- (d) Merit point systems can also be used to evaluate whether bids pass a minimum technical score to proceed to a final financial evaluation (Least Cost Selection Method). The financial envelopes of all bidders whose bids pass the minimum technical score are then opened, and the bid with the lowest price recommended for award of contract.

#### 4.9.3 Two-envelope bidding

- (a) To avoid any chance of the bidder's price influencing the technical evaluation under a merit point system, financial bids are submitted in a separate sealed envelope. The financial envelope must only be opened after the technical evaluation is completed and approved by the Tender Committee
- (b) In the interests of transparency, a second Public Opening of the financial bids of those bidders who have passed the technical evaluation stage is held.

#### 4.9.4 Quality and Cost Based Selection

- (a) Quality and Cost Based Selection (QCBS) is the standard method of selecting consultants through competition between pre-qualified short-listed firms. Selection is based on the technical quality of the consultants, the quality of the proposal, and on the cost of the services to be provided.
- (b) The relative weights given to the technical quality and cost of each proposal are determined for each case depending on the nature of the assignment.
- (c) The procedures and guidelines below are based on the standard QCBS process of selection although other selection methods are available for use in appropriate circumstances.

#### 4.9.5 The Steps of the Selection Process

- (a) The procurement of consultancy services will normally include the following steps:
  - (i) Preparation of the Terms of Reference (TOR).
  - (ii) Preparation of a cost estimate and confirmation of available budgeted funds.
  - (iii) Preparation and issue of the Request for Proposals (RFP), including:
    - Letter of Invitation (LOI).
    - Information to Consultants(ITC).
    - Draft contract.

- (iv) Advertising for expressions of interest (if appropriate) or preparation of the shortlist of consultants from existing pre-qualified firms.
- (v) Receipt of proposals.
- (vi) Evaluation of technical proposals.
- (vii) Evaluation of financial proposals.
- (viii) Final evaluation according to the criteria stated in the RFP.
- (ix) Negotiations and award of the contract to the selected firm.

#### 4.9.6 The Terms of Reference (TOR)

- (a)** The TOR must define clearly the objectives and scope of the assignment and provide background information (including a list of existing relevant studies and basic data) to enable the consultant to prepare a proposal.
- (b)** The TOR should:
  - (i) Describe the background to the assignment.
  - (ii) State the objectives of the assignment including.
  - (iii) the scope of the services.
  - (iv) the duration of the assignment.
  - (v) a detailed list of the consultants' duties and responsibilities.
  - (vi) where applicable, the required inputs in terms of man days, months or years.
  - (vii) detail the required output, e.g.: reports, recommendations, draft laws etc. which the consultants will be required to produce (also referred to as 'deliverables').
  - (viii) set the time periods for the deliverables.
  - (ix) not be over-detailed or inflexible, so that competing consultants may propose their own methodology and staffing.
  - (x) list any services and surveys necessary to carry out the assignment.
  - (xi) include details of the services, facilities and counterpart staff to be provided by the **(Ewryoca)**.
  - (xii) specify detailed requirements when transfer of knowledge or training is an objective, to allow bidders to estimate the required resources.

#### 4.9.7 Open Competition

- (a)** The **(Ewryoca)** may elect to proceed directly to an open tender and international advertisement depending on the value of the assignment and the skills required. There are a number of problems to be considered in omitting the Expressions of Interest stage for larger and more complex services, as follows:

- (i) Many requests for documents and submissions of proposals will be made by firms who lack the basic skills to undertake the assignment. These will waste considerable time in administration and still have to be formally evaluated and reported on. The apparent time advantage from avoiding the EOI and short-listing process is easily lost if twenty rather than six detailed proposals have to be administered and evaluated.
- (ii) International and major consulting firms are less likely to respond to an Open Tender rather than an EOI as the cost of preparing a detailed consultancy bid is high, and open tendering introduces an unknown quantity and quality of competition. Competent firms are far more willing to incur the cost of preparing a proposal when a shortlist of competitors is known.
- (iii) International and major firms are also not used to paying a fee to acquire the Request for Proposals, and if applied, this factor may discourage such firms from participating.
- (iv) Following from the above, the effective level of competition may be seriously reduced if (**Ewryoca**). proceeds directly to open tendering.
- (v) For these reasons, donors normally require that all larger or more complex consultancy assignments are conducted through the EOI and short-listing process.

#### 4.9.8 Short List of Consultants

- (a) Short-lists should be restricted to those firms expressing interest and who possess the relevant qualifications and experience to undertake the assignment.
- (b) Short-lists should normally be of three to eight firms depending on the value and complexity of the assignment.
- (c) The following details of each firm should be assessed in the selection of the shortlist:
- (d) general background of the firm.
- (e) eligibility in terms of country of origin, turnover requirements and any other conditions stated in the advertisement.
- (f) previous experience of similar assignments.
- (g) competence and sector related experience of the firm.
- (h) language proficiency in the languages of the (**Ewryoca**).
- (i) relevant experience within Africa; and
- (j) quality of performance under previous contracts.

#### 4.9.9 Preparation of the Request for Proposals (RFP) and Evaluation Criteria

- (a) Use of an approved standard international bidding document format is recommended to provide guidance on the preparation of Request for Proposals.
- (b) Specification of the evaluation criteria and number of points to be awarded to each criterion is critical to achieving a satisfactory result in the selection of consultants.
- (c) Both technical and financial point scores are assessed initially out of 100 points for the purpose of clarity. During final evaluation, the scores are combined by applying the weighting percentage stated in the RFP for technical and financial scores.

#### 4.9.10 Technical Evaluation

- (a) The criteria specified in the RFP may include:
  - (i) the firm's relevant experience for the assignment.
  - (ii) the quality of the methodology proposed.
  - (iii) the qualifications and experience of the key staff proposed.
  - (iv) the extent of participation by nationals of (Ewryoca). States among key staff in the performance of the assignment.
- (b) The marks for each criterion are aggregated to give the total technical score.
- (c) The following table shows the normal range of points to be specified for each criterion, which may be adjusted for specific circumstances. The proposed points must be declared in the RFP.

| Figure 1 - Indicative Weighting of Evaluation Criteria (Consultant Services) |                 |
|--|-----------------|
| Specific relevant experience:  | 0 to 10 points  |
| Response to the TOR and Methodology Proposed:                                | 20 to 50 points |
| Key personnel:   | 30 to 60 points |
| Training:  | 0 to 10 points  |
| Participation by nationals: among key staff presented                        | 0 to 10 points  |
| Total:   | 100points       |

- (d) The criteria may be divided into sub-criteria to assist the objectivity of the evaluation. For example, sub-criteria under methodology might be innovation and level of detail. It is usual to use sub-criteria for key staff to evaluate their qualifications, technical experience and language capabilities. The number of sub criteria should be kept to the essential minimum and must be fully detailed within the RFP.



- (e) Consultant's Specific Experience: The points given to experience can be relatively low if this criterion has already been taken into account when short-listing the bidders.
- (f) Methodology: A large number of points should be given to the response and proposed methodology for more complex assignments (for example, multidisciplinary feasibility or management studies).
- (g) Key Personnel: Only the key personnel should normally be evaluated since they will determine the quality of performance. More points should be assigned if the proposed assignment is complex.
- (h) When the assignment depends critically on the performance of a Project Manager or key specialist in a team of individuals, more points should be allocated for this person.
- (i) Individuals should be evaluated on the following sub-criteria as relevant to the task:
- (j) General Qualifications: General education and training, professional qualifications, length of experience, positions held, time with the consulting firm, experience in similar countries, etc;
- (k) Adequacy for the Assignment: Specific experience relevant to the assignment in the sector, field, subject, process or activity; and
- (l) Experience in the Region: Knowledge of local culture, administrative systems, government organizations, etc.

#### 4.9.11 Minimum Technical Score

- (a) The minimum qualifying technical score to be achieved for a bid to proceed to the Financial Evaluation must be 70 points.

#### 4.9.12 Financial Evaluation

- (a) In addition to specifying the weighting for technical and financial scores, the RFP must specify the formula for award of points to each bid price. Normally the lowest priced bid receives 100 points and the other bids receive points based on dividing the lowest priced bid by the price of the specific bidder and multiplying by 100.
- (b) The standard procedures for correcting arithmetic and other errors in bid prices will apply to adjust the bid price before the points are awarded to each bid.

#### 4.9.13 Weighting of Technical and Financial Scores

- (a) The relative weightings for technical and financial scores must be stated in the RFP. This is usually set at 70- 80% for the technical score and 20-30% for the

financial score. In this case the technical score will be multiplied by 80% and the financial score by 20% to give the total score for each bid.

#### 4.9.14 Other Methods for Selection of Consultant Services

##### 4.9.14.1 Quality-Based Selection

- (a) Quality Based Selection (QBS) may be appropriate for complex or highly specialised assignments, or those which invite innovations. The selection is based solely on the quality of the proposal without consideration of the cost.
- (b) QBS is suitable for the following types of assignments:
  - (i) complex or highly specialised assignments where it is difficult to define precise TOR and the required input from the consultants, and for which the client expects the consultants to demonstrate innovation in their proposals (for example, country economic or sector studies, multi-sector feasibility studies, design of a hazardous waste remediation plant or of an urban master plan, financial sector reforms);
  - (ii) assignments that have a long-term impact and in which the objective is to have the best experts available (for example, feasibility and structural engineering design of such major infrastructure as large dams, policy studies of national significance, management studies of large government agencies); and
  - (iii) assignments that can be carried out in very different ways, and therefore proposals may not be directly comparable (for example, management advice, or policy studies in which the value of the services depends on the quality of the analysis).
- (c) The Request for Proposals (RFP) should not indicate the estimated budget but may provide the estimated number of key staff and time, specifying that this information is given as an indication only, and that consultants are free to propose their own estimates.
- (d) The RFP may require submission of a technical proposal only (without a financial proposal), or request submission of both technical and financial proposals at the same time, but in separate envelopes (two-envelope system). Only the financial envelope of the best-evaluated proposal is opened and, the rest are returned unopened to the bidder, after the negotiations are successfully concluded.
- (e) If technical proposals only are invited, after evaluating the technical proposals the Consultant with the best-evaluated technical proposal will be invited to submit a detailed financial proposal.

(f) The (**Ewryoca**). and the Consultant shall then negotiate the financial proposal and the contract.

(g) Other aspects of the selection process are identical to those of QCBS.

#### 4.9.14.2 Selection under a Fixed Budget

(a) Fixed Budget Selection (FBS) is where the AU seeks to obtain the best proposal from pre-qualified short-listed consultants within a pre-determined budget limit.

(b) This method is only appropriate when:

(i) the assignment is simple and can be precisely defined; and

(ii) when the budget is fixed.

(c) The RFP will indicate the available budget and request the consultants to provide their best technical and financial proposals in separate envelopes, within the stated budget.

(d) The TOR must be carefully prepared to ensure that the budget is sufficient for the consultants to perform all of the expected tasks.

(e) Technical proposals will be evaluated and bidders who pass the minimum technical mark will be invited to a public opening of their financial envelopes.

(f) Bidders whose technical proposals fail to meet the minimum technical score will have their financial envelopes returned unopened.

(g) Any financial proposals that exceed the indicated budget shall be rejected.

(h) The Consultant who has submitted the highest ranked technical proposal within the budget will be selected for award of contract.

#### 4.9.14.3 Least-Cost Selection

(a) This method is more appropriate to selection of consultants for assignments of a standard or routine nature (audits, engineering design of noncomplex works, and so forth) where well-established practices and professional standards exist, and when the contract value is small.

(b) A minimum qualifying mark for the required quality is established and is stated in the RFP.

(c) Technical and Financial Proposals are required to be submitted in separate envelopes by the short-listed bidders.

(d) Technical envelopes are opened first and evaluated. Those bids scoring less than the minimum qualifying mark are rejected. The financial envelopes of the remaining bidders are opened to the public.

(e) The firm with the lowest price is selected for contract award.

#### 4.9.14.4 Selection Based on Consultants' Qualifications

- (i) This method may be appropriate for very small assignments where the need for submission and evaluation of detailed competitive proposals is not justified.
- (ii) Expressions of interest and information on the consultants' experience and competence relevant to the assignment are requested.
- (iii) The firm with the most appropriate qualifications and references is selected.
- (iv) The selected firm is invited to submit a combined technical and financial proposal and then invited to negotiate the proposal and the contract.

#### 4.9.14.5 Single-Source Selection

- (a) Single-source selection of consultants lacks the benefit of competition in regard to quality and cost, is not transparent in selection, and may encourage unacceptable practices. Therefore, single-source selection should only be used in exceptional circumstances. The justification for single-source selection must be examined carefully to ensure economy and efficiency.
- (b) The conditions for the use of Direct Procurement as specified in Chapter 4 should be noted before using this selection method.
- (c) Single-source selection is only appropriate if there is a clear advantage over competitive selection:
  - (i) for tasks that are a natural continuation of previous work carried out by the firm;
  - (ii) where rapid selection is essential (for example, in an emergency situation);
  - (iii) for very low value assignments.
  - (iv) when only one firm is qualified or has the necessary experience for the assignment.

#### 4.9.15 Types of Contract Agreement for the Employment of Consultants

- (a) The type of contract must be selected when preparing the Request for Proposals and included as a draft with all contract terms and conditions in the RFP.

##### 4.9.15.1 Lump Sum (Fixed Price) Contracts

- (a) Lump sum contracts are used mainly for assignments in which the following are both clearly defined:
  - (i) the content and the duration of the services; and
  - (ii) the required output of the consultants.
- (b) Lump sum contracts are widely used for simple planning and feasibility studies, environmental studies, detailed design of standard or common structures, preparation of data processing systems, etc.

- (c) Payments are linked to defined outputs (deliverables), such as reports, drawings, bills of quantities, bidding documents, and software programs.
- (d) Lump sum contracts are simple to administer because payments are due on attainment of clearly specified outputs.

#### 4.9.15.2 Time-Based Contract

- (a) This type of contract is widely used for complex studies, supervision of construction, technical advisory services, and training assignments. It may also be appropriate when:
  - (i) it is difficult to define the full scope of services, or the input of the consultants required to attain the objectives of the assignment.
  - (ii) the length of services can be precisely defined, and deliverables are only incidental to the main purpose of the assignment;
  - (iii) the services are related to activities by others for which the completion period may vary.
- (b) Payments are based on:
  - (i) Remuneration: Agreed hourly, daily, weekly, or monthly rates for staff.
  - (ii) Reimbursables: Reimbursable items using actual expenses and/or agreed unit prices.
- (c) The rates for staff remuneration include salary, social costs, overhead, fee (or profit), and, where appropriate, special allowances.
- (d) This type of contract must include a maximum amount of total payments (the contract ceiling) to be made to the consultants.
- (e) The contract ceiling usually includes a contingency allowance for unforeseen work and duration, and provision for price adjustments, where appropriate.
- (f) Time-based contracts need to be closely monitored and administered by the **(Ewryoca)**. to ensure that the assignment is progressing satisfactorily, and payments claimed by the consultants are appropriate.

#### 4.9.15.3 Retainer and/or Contingency (Success) Fee Contract

- (a) Retainer and contingency fee contracts are sometimes used when consultants (banks or financial firms) are undertaking specialist financial activities such as preparing companies for sale, in mergers of firms, or in privatisation operations.
- (b) The remuneration of the Consultant includes a retainer and a success fee, the latter being normally expressed as a percentage of the sale price of the assets.

#### 4.9.15.4 Percentage Contract

- (a) These contracts are commonly used for architectural services but may be also used in similar circumstances such as for procurement and inspection agents.
- (b) Percentage contracts directly relate the fees paid to the Consultant to the estimated or actual project construction cost, or the cost of the goods procured or inspected.
- (c) Contracts are negotiated on the basis of market standards for the services and/or estimated staff-month costs for the services or competitively bid.
- (d) In the case of architectural or engineering services, percentage contracts lack any incentive for economic design or performance. The use of a percentage contract format for architectural services is only recommended if based on a fixed target cost and covers precisely defined services.

#### 4.9.15.5 Indefinite Delivery Contract (Price Agreement)

- (a) These contracts are used when there is a need for “on call” specialised services to provide advice or services, the extent and timing of which cannot be defined in advance.
- (b) These are commonly used to retain “advisers” for implementation of complex projects expert adjudicators for dispute resolution panels, institutional reforms, procurement advice, technical troubleshooting, etc. normally for a period of a year or more.
- (c) The AU and the firm agree on the unit rates to be paid, and payments are made on the basis of the time and resources actually used.

#### 4.9.16 Bid and Performance Securities.

- (a) Bid and performance securities for consultants’ services are not recommended for the following reasons:
  - (i) bid securities are not an accepted standard for consultant services tenders and are likely to discourage participation by international consultant firms;
  - (ii) enforcement of bid securities may be subject to dispute for example when final negotiations fail to reach a satisfactory conclusion.
  - (iii) performance securities can be easily abused by the Client as personality clashes or other factors beyond the direct control of the Consultant may affect achievement under the contract;
  - (iv) there is often a strong element of subjectivity rather than objectivity in determining the success or failure of an assignment.

- (v) securities increase the costs to the consulting industry without evident benefits, and the costs are inevitably passed on to the Client through higher prices.

#### 4.9.17 Use of individual Consultants

- (a) Individual consultants are normally employed on assignments when:
  - (i) teams of personnel are not required.
  - (ii) additional outside (home office) professional support is not required.
  - (iii) The experience and qualifications of the individual are the major requirement.
- (b) If co-ordination, administration, or collective responsibility may become difficult because of the number of individuals required, it may be advisable to employ a firm.

##### 4.9.17.1 Criteria used to select individuals.

- (a) Individual consultants are selected on their qualifications for the assignment.
- (b) Selection may be on the basis of references or through comparison of qualifications among those expressing interest in the assignment or approached directly by the (Ewryoca).
- (c) Individuals employed by the (Ewryoca) must meet all relevant qualifications and be fully capable of carrying out the assignment.
- (d) Capability is judged on academic and professional background, experience, knowledge of local conditions and culture, administrative systems, and government organisation, and language skills as appropriate.

## Chapter 5: Preparation, Announcement, and Issuance of Bidding Documents

In this chapter, we delineate the methodical steps taken by the **(Ewryoca)**. in the meticulous preparation, formal announcement, and issuance of bidding documents. A meticulously organized and transparent approach is imperative to not only draw in qualified bidders but also to foster an environment of equitable competition, ultimately ensuring the effective execution of procurement activities.

### 5.1 Components of bidding documents

- (a) The utilization of **(Ewryoca)**. Standardized bidding documents is mandatory when seeking proposals from suppliers.
- (b) While the content and intricacy of bidding documents may vary, it is essential for all documents to encompass comprehensive information and appropriate provisions. This ensures that bidders comprehend **(Ewryoca)**. 's requirements and can formulate meaningful offers.
- (c) No new requisites may be introduced, and existing ones cannot be altered once the bidding process has begun. Therefore, presenting all vital information within the bidding documents is of utmost importance.
- (d) All bidding documents must include the following components:
  - (i) Letter of Invitation **(LOI)** and Instructions to Bidders/Consultants
  - (ii) Requirements Definition
  - (iii) Contractual Information
  - (iv) Bid Forms

#### 5.1.1 Letter of Invitation (LOI)

The following information is essential in all **(Ewryoca)**. bidding documents:

- (i) **Invitation to Offer:** This must feature a unique reference to the specific procurement activity, including its title, tracking number, and a comprehensive list of accompanying documents.
- (ii) **Deadline for Submission of Bids:** Clearly state the time, date, and place for bid submissions, along with the details for the bid opening (if public).
- (iii) **Instructions for Preparation and Submission:** Provide a detailed list of documents required for a complete bid. Emphasize that non-compliant offers may



be rejected, defining compliance as substantial adherence to all terms, conditions, and specifications in the bidding documents.

**(iv) Mode of Submission:** Specify whether submissions should be electronic, hand-delivered, sent by mail, or faxed.

**(v) Submission Details:** Include the address, fax number, or email to which bids must be submitted.

**(vi) Offer Packaging Instructions:** Clearly define how offers should be packaged, including whether a sealed approach, specific number of copies, or a two-envelope system is required.

**(vii) Description of the Procurement Activity:** Provide background information, contextual details, and the intended purpose or outcome of the procurement activity.

**(viii) Pre-bid Conference or Site Visit:** If required, state the date, time, and place of pre-bid conferences or site visits. Specify whether attendance is mandatory or optional and highlight that the necessity for such events is determined through collaboration between the Business Unit and the Procurement Unit.

**(ix) Currency, Payment, and Exchange Rate:** Indicate the currency in which prices should be quoted and clarify that the contract will be issued in the currency stated in the bidding documents.

**(x) Language:** Specify the language in which bidders should respond, ensuring that the language of the contract aligns with the bidding documents.

**(xi) Offer Validity:** Request suppliers to keep their offers valid for a specific duration (typically 60 or 90 days) to allow for proper evaluation and contract award.

**(xii) Method of Evaluation and Criteria:** Clearly outline how offers will be evaluated, including the weight of each major factor and the application of evaluation criteria.

**(xiii) Handling Discrepancies and Errors:** Define how discrepancies and errors in the price component will be addressed.

**(xiv) Payment Terms:** Specify payment terms applicable upon invoice receipt, goods/services acceptance, or receipt of required shipping documents based on the INCOTERM used.

**(xv) Modifications:** Ensure bidding documents state that any additional information, clarification, correction, or modifications will be communicated in writing to all suppliers before the offer deadline.

- (xvi) **Amendments of Contract Terms:** Clearly state that bidders must confirm acceptance of contract terms included in the bidding documents, specifying if minor deviations are acceptable and should be documented in the bid.
- (xvii) **Bid Security/Performance Securities:** Define the purpose, amount, and form of bid/performance security. Ensure it remains valid for sufficient time for Ewryoca to conduct the evaluation, taking care not to discourage participation.
- (xviii) **Advance Payments and Performance Security:** Specify in bidding documents if a guarantee for advance payment or performance security is required at the time of contract signature.
- (xix) **Alternative Bids:** Clearly state whether alternative bids are accepted, specifying that those not complying with mandatory criteria will not be considered.
- (xx) **Contact Information:** Provide details for who to contact in case of queries or clarifications.

#### 5.1.2 Requirements Definition

- (a) It is necessary to clearly and unambiguously describe the performance expected from the supplier in order to avoid disputes with the supplier at the time of contract execution.
- (b) Depending on the nature of the requirement, the requirements are stated in the technical specifications, TORs, (**Ewryoca**). , design documents, requirements for design and build contracts.
- (c) In addition, the following requirements should be stated in the bidding documents:
  - (i) Delivery dates for goods or standing/completion dates for services or works.
  - (ii) The destinations and mode of transport
  - (iii) Delivery terms: The prevailing INCOTERMS shall be used to specify the delivery for (**Ewryoca**). procurements.

#### 5.1.3 Contractual Information

- a. The bidding documents must incorporate a copy of the (**Ewryoca**). terms and conditions relevant to the procurement. These terms and conditions explicitly outline the expectations suppliers are required to accept upon signing the contract.

- b. Additional to the general terms and conditions, special terms and conditions necessitate approval from the **(Ewryoca)**. Legal and Contract Administration section before contract issuance.
- c. For service or works contracts, the relevant model contract must be provided in the bidding documents. This enables suppliers to familiarize themselves with the specific agreement before submitting their offers.
- d. In the case of goods procurement, the bidding documents must include pertinent packing and shipping instructions. This encompasses details such as marking and numbering of shipments, notification of shipment, documentation required for customs clearance and payment purposes, as well as invoicing instructions.
- e. Price and payment details, including whether the contract will be based on a fixed price/lump sum or cost reimbursement, should be clearly outlined in the bidding documents.

#### 5.1.4 Bid Forms

- (a) To be legally binding, a duly authorized signatory must endorse the supplier's offer.
- (b) Standard bid submission forms, to be signed and returned with the supplier's offer, shall be an integral part of the bidding documents.
- (c) The bid forms must incorporate minimum qualification criteria that all suppliers must meet to be considered for **(Ewryoca)**. contract awards. At a minimum, bidders will be excluded from participating in **(Ewryoca)**. procurement procedures if:
  - (i) They are undergoing bankruptcy proceedings, winding up, court-administered affairs, creditor arrangements, business activity suspension, or any analogous situation specified in national legislation or regulations.
  - (ii) They have been convicted of an offense related to their professional conduct, with a judgment that has the force of res judicata (i.e., against which no appeal is possible).
  - (iii) They have been found guilty of serious professional misconduct proven by means justifiable to the **(Ewryoca)**. .
  - (iv) They are subject to a judgment with the force of res judicata for fraud, corruption, involvement in a criminal organization, or any other illegal activity detrimental to EAO's financial interests.

- (v) v) They have not fulfilled obligations related to the payment of social security contributions or taxes in accordance with the legal provisions of the country of establishment or the country where the contract is to be performed.
- (vi) They have been previously removed from the **(Ewryoca)**. Supplier Register or debarred from previous procurement activities, citing the reasons mentioned above or any other reasons justifiable by the **(Ewryoca)**. .

## 5.2 Issuance of Bidding documents

- (a) The bidding documents shall be issued to all bidders who expressed interest to participate in a bidding process by post, by fax, courier, e-mail, or electronically. They must also be available to all interested bidders upon request in writing.
- (b) In a limited or non-competitive competition, where only selected suppliers may participate in the procurement, the bidding documents should be made solely available to the shortlisted suppliers. The shortlist should be approved in conjunction with the approvals for the bidding documents, specifications and method of procurement.
- (c) In order to safeguard the principle of fairness, integrity and transparency, the names of any short-listed companies should not be disclosed.

### 5.2.1 Advertisements for Open Competition

- (a) Where the type of competition is open, public advertisements should be issued providing equal access to the bidding documents for all interested suppliers.
- (b) Publication of the advertisement should allow sufficient time before the deadline to enable prospective suppliers to obtain the bidding documents and to prepare and submit their bids. The period allowed should be a minimum of one-month following the date of the first advertisement, but longer periods may be necessary for more complex requirements.

### 5.2.2 Content of the Advertisement

- (a) The advertisement must clearly explain how bidders may submit a bid and provide sufficient information to enable potential bidders to decide whether to participate.
- (b) The information contained in the advertisement must correspond with the information in the Bidding Document. Where there is a discrepancy, information in Bid Data Sheet shall prevail.

- (c) The advertisement should include as a minimum, brief information on:
  - (i) the goods, works or services to be procured.
  - (ii) any qualification requirements for bidders (e.g. a requirement for a minimum level of experience in the subject of the procurement);
  - (iii) the procedure for obtaining the bidding documents.
  - (iv) the place and deadline for submission of bids.
  - (v) the value of any bid security required.

#### 5.2.3 Advertisement for pre-qualification, RFI and EOI

- (a) When a pre-qualification, RFI or EOI process is being undertaken in order to identify suppliers that will be invited to a shortlist, the same advertisement process as for an Open Competition shall be followed.
- (b) Sufficient time shall be allotted to suppliers to prepare and submit a response; preferably two weeks minimum.

#### 5.3. Tender Period

- (a) The time period from the issuance of the bidding documents to the submission deadline is referred to as the tender period.
- (b) During the tender period, no communication regarding the contents of the bidding documents is permitted between bidders and the Procurement Unit, except through the methods described below.

##### 5.3.1 Amendment to Bid documents.

- (a) At any time, prior to the deadline for the submission of bids, the **(Ewryoca)**, may for any reason modify the bidding documents.
- (b) Amendments to the bidding documents must be made within a reasonable time before the deadline for submission of offers in order to allow suppliers sufficient time to address any changes. In certain cases, amendments may justify an extension to the submission deadline.
- (c) In order to ensure that suppliers receive the same information at the same time, amendments to the bidding documents must:
  - (i) In the case of RFQ or Limited Competition, be sent simultaneously to all short-listed suppliers.

- (ii) In the case of Open Competition, be uploaded to the (**Ewryoca**). website, along with any other sources where the advertisement had been placed and to all bidders who have requested for the bid document.

#### 5.3.2 Bid Clarifications

- (a) A bidder may request clarification regarding the contents of the bidding documents. The period during which bid clarifications can be requested must be defined in the bidding documents. Requests for clarifications received after this period may be rejected unless they draw attention to a serious flaw in the bidding documents.
- (b) Each request for clarification must be received in writing by the Procurement Unit, which shall develop a response in consultation with the Business unit.
- (c) A written response shall be issued, detailing the clarifications and the relevant responses (without identifying the source of the query) to all bidders simultaneously.
- (d) Where possible, in the event that multiple clarifications have been received, these should be compiled into a single response document to be issued to all bidders simultaneously in order to reduce the administrative tasks required.

#### 5.3.3 Extension of Bid Closing Date

- (a) The closing date for submission of bids may be extended at the discretion of the Head of resource management and Procurement Unit for any practical or justifiable reason. Such reasons may include:
  - (i) modification to the bidding documents after issue, requiring additional research or effort by bidders to submit a responsive bid.
  - (ii) request for a time extension by two or more bidders; and
  - (iii) Unforeseen administrative issues which force a postponement of the proposed bid opening.
- (b) Where a decision has been made to extend the bid closing date, all bidders should be notified in writing, or through the (**Ewryoca**). websites of the revised date for submission of bids.

#### 5.3.4 Cancellation of Bidding Process before Bid Opening

- (a) A bidding process may be cancelled at any time before the deadline for receipt

of bids with the approval of the person in charge of the Procurement Unit or Executive Director. Justifications for cancellation may include:

- (i) the procurement need has ceased to exist or changed significantly.
  - (ii) insufficient funding for the procurement to proceed.
  - (iii) there is a significant change in the required technical details, bidding conditions, conditions of contract or other details, such that the re-commencement of proceedings is necessary.
  - (iv) there is evidence of collusion among bidders; or
  - (v) cancellation is deemed to be in the best interest of the **(Ewryoca)**.
- (b) All bidders who have received the bidding documents must be simultaneously notified of the cancellation.
- (c) Bids which have already been submitted must be returned, unopened to the supplier.

#### 5.3.5 Modification and withdrawal of submissions

- (a) Bidders may modify their offers at any time prior to the submission deadline. Modified offers shall be treated as any other offer.
- (b) Withdrawal of submissions by suppliers can be accepted if the **(Ewryoca)** is notified in writing prior to the deadline for submission.
- (c) A request to withdraw a submission after the submission deadline shall in principle not be accepted, and the withdrawn bid should be evaluated together with other offers received, and if a bid security has been requested it should be withheld.
- (d) If the supplier is able to justify the withdrawal of its submission, the **(Ewryoca)** may accept withdrawal after the deadline, and this should be decided on a case-by-case basis, however, the bidder shall forfeit the bid security if it was a requirement.
- (e) Withdrawal of an offer after the submission deadline is a serious matter. Therefore, suppliers should be given a written warning that this is unacceptable and that it may exclude the supplier from future **(Ewryoca)** tenders.

#### 5.4. Receipt of submissions.

- (a) It is the responsibility of bidders to ensure that tenders are submitted in accordance with the provisions in the bidding documents. Submissions can be

received by mail, courier, and dedicated email.

- (b) The bidding documents will have provided clear instructions to bidders on the marking and sealing of their bids and the procedures to be followed for submission.
- (c) All hardcopy tenders received shall be stamped with the date and time of receipt and deposited in the designated locked tender box or secured place in the case of bulky tenders until the tender opening.
- (d) A Bid Receipt Register should be kept recording all submissions received by post, courier, or email and the information contained within should correspond to the date and time stamp which is included on each hardcopy receipt.
- (e) The closing time for submission of bids shall be at the time and date set in the bidding documents. Bid opening shall commence immediately after this time and the opening should be completed within the same session.
- (f) All bidders' representatives delivering bids by hand shall be directed to the tender box so that they may place their envelopes directly in the tender box.
- (g) Any tenders or samples received which are too large to fit in the tender box shall be registered and securely retained in a locked room until the tender opening.
- (h) The tender box shall be closed and sealed immediately following the deadline for submission of bids.
- (i) Late tenders will not be accepted and shall be returned unopened to the bidder. In very exceptional circumstances, a late bid may be accepted at the discretion of the relevant authority. Examples of exceptional circumstances may include:
  - (i) There is acceptable evidence to establish that it was received at the location designated for receipt of bids and was under **(Ewryoca)** control prior to the time set for receipt of bids.
  - (ii) If an emergency or an unanticipated event interrupts normal processes and operations, bids cannot be received at the designated location by the exact deadline and urgent requirements preclude amendment of the bid opening date. In such cases, the deadline will be extended to the same time of day specified in the bidding document on the first workday on which normal **(Ewryoca)** operations resume (unless prior to the resumption of normal



operations the bid is extended and/or modified, and this is communicated to potential bidders in the normal manner).

- (iii) Bidders are not permitted to amend their bid in any way during the tender opening nor submit any additional documents during the process once the deadline for submissions has passed.

#### 5.4.1 Opening of Tenders

- (a) The opening of tenders must be handled in a transparent manner in order to ensure that all suppliers are treated in a fair and non-discriminatory manner.
- (b) The Procurement Unit shall co-ordinate the administration of the tender opening to assist the Tender Opening Committee and ensure smooth operation of the proceedings.
- (c) The Tender Opening Committee shall control and direct the tender opening.
- (d) Bids shall be opened at the place and time stated in the bid document except in unforeseen circumstances, where the Procurement Unit shall set a convenient date and time.
- (e) It is the responsibility of the Tender Opening Committee to ensure the security of documents and bids at all times during the tender opening procedure to prevent any unauthorized interference with the documents and process.
- (f) The Procurement Unit shall provide the Tender Opening Committee with a summary of the tendering requirements which shall include the tender closing date, tender reference and title, procurement method, advertising method and the Bid Received Register.
- (g) The Tender Opening Committee shall compile all unopened bids and samples received which have been removed from the tender box or could not be accommodated in the tender box along with the Bids Received Register.
- (h) Upon opening the tender box, the Tender Opening Committee shall check that the writing on each envelope or sample inside confirms that it is for the correct tender and complies with the wording and sealing required in the bidding documents. For each bid received the following details shall be recorded in the Tender Opening Report:
  - (i) any bid modifications or withdrawals.

- (ii) the number allocated to the bid by the Tender Opening Committee.
  - (iii) the name and country of the bidder.
  - (iv) the title and lot where applicable of the goods, works and/or services.
    - a. offered if the tender is for more than one Lot.
  - (v) the total bid price and the currency of the bid.
  - (vi) any discounts offered where applicable.
  - (vii) the presence or absence of any required bid security; and
  - (viii) any other appropriate information. All bid securities, where requested shall be kept in a secure place
- (i) Any obvious failure to provide a responsive bid, such as no bid security or inadequate bid security, shall be recorded in the Bid Opening Report.
  - (j) All Members of the Tender Opening Committee shall initial the original of each bid and all attachments thereto including any samples provided by the bidder.
  - (k) The Tender Opening Report shall be prepared by the Tender Opening Committee and signed by all members of the Committee.

#### 5.4.2 Public Tender Openings

- (a) The Procurement Unit may decide prior to the issuance of the tender documents whether a public bid opening is in the best interests of the Ewryoca. If so, the time and place of the public bid opening should be stated in the tender documents.
- (b) Only suppliers who have submitted bids may attend a public bid opening; however, bidders may authorize a local agent to attend on their behalf. In order to be permitted to attend the bid opening, agents representing bidders must provide evidence confirming the bidder(s) they represent.
- (c) Regardless of whether a bid opening is public or not, the Tender Opening Report shall be made available to all bidders upon their request. Disclosure of any other information regarding the procurement process, other than that contained within the Tender Opening Report is strictly prohibited.
- (d) For the purpose of a public bid opening, the Tender Opening Committee shall appoint a Chairperson who will open the meeting and outline the procedures to be used for the tender opening. All procedures should be followed, and due care should be taken to ensure that bidders' representatives are seated separately

from the Tender Opening Committee and Officers of the (**Ewryoca**). and that the name, organization represented, and contact details of all attendees are recorded in an attendance register.

#### 5.4.3 Extension of Bid Validity

- (a) The duration of bid validity is specified in the bidding documents and should be confirmed in the signed Bid Form submitted by each bidder. If circumstances occur in which award of contract cannot be made within the original bid validity period, extensions in writing should be requested from bidders, in accordance with the bidding documents.
- (b) The evaluation and award of contract should be completed within the period set for the validity of bids. The date for expiry of bid validity set in bidding documents must be monitored by the Procurement Unit, and attention drawn to this deadline not less than one week before the expiry date.
- (c) If, due to unforeseen circumstances, the award process cannot be completed within the set period, the Procurement Unit shall contact bidders in writing to seek their agreement to an extension of the bid validity.
- (d) When an extension of bid validity period is requested, bidders shall be permitted to change the bid price if the extension is above 30 days. Furthermore, the price may be subject to adjustment if the bidding documents specifically provide for a price adjustment mechanism on requests for second or subsequent extensions, to reflect changes in the cost of inputs for the contract during the new period of extension.
- (e) Bidders have the right to refuse to grant an extension of bid validity without forfeiting their bid security (where applicable). If a bidder refuses to extend the validity of his bid, then on expiry of the original bid validity period, any bid security submitted shall be returned to the bidder and the bid not considered further.
- (f) Only bidders who respond confirming their unconditional acceptance and enclosing any required extension to their bid security may be considered for further evaluation and award of contract.

#### 5.5 Evaluation by the Bid Evaluation Committee

- (a) Evaluation is the process of assessing and comparing submissions in

- accordance with the methodology and criteria stated in the bidding documents.
- (b) A Bid Evaluation Committee shall undertake the evaluation of bids received and make recommendations for the award of contract.
  - (c) The evaluation must be commenced and completed within a period of 4 weeks after the bid opening to ensure that a contract is awarded to the winning bidder within the period of bid validity.
  - (d) The composition of the Bid Evaluation Committee is stipulated in section 3.3 of this Manual.
  - (e) Bid Evaluation Committee members should have the requisite skills and technical expertise in order to provide objective, independent advice based on their subject matter expertise.
  - (f) All Bid Evaluation Committee members must sign a declaration of confidentiality and impartiality.
  - (g) Representatives from the funding source, or donor organisations, may be nominated to the Bid Evaluation Committee with observer status.
  - (h) After the public opening of bids, no information relating to the examination, clarification and evaluation of bids shall be disclosed to bidders or to other persons not officially concerned with the process.
  - (i) Bids received after the deadline for submission of bids, bids which the (**Ewryoca**) has accepted as withdrawn, or bids not opened and read out at the tender opening, shall not be considered.
  - (j) The Bid Evaluation Committee may seek clarifications in writing from a bidder and receive written responses, provided that the responses are related to the bid, would not give any bidder an undue advantage and not change the substance of the bid.
  - (k) The choice of an evaluation methodology shall be determined by the type, value and complexity of the procurement and shall be determined and contained in the bidding documents;
  - (l) The Bid Evaluation Committee may after writing its provisional conclusions and before definitively concluding its evaluation of the technical offers, decide to interview the key experts proposed in technically compliant tenders (i.e. those who have achieved minimal technical score in the technical evaluation).
  - (m) The Bid Evaluation Committee will prepare a report and submit the report to the Executive Director depending on the threshold. The Evaluation Report should

contain, where applicable.

- (i) Minutes of the opening of tenders,
  - (ii) The results of the preliminary evaluation, with reasons why any bids were rejected,
  - (iii) The score sheet awarded by each evaluator for each tender,
  - (iv) Summary of the relative strengths and weaknesses of each tender,
  - (v) The total score for each tender, and.
  - (vi) Recommendation to award the contract to the most economically advantageous tender (i.e. the sole award criterion is the best value for money) or to the candidate that submitted the proposal with the highest combined technical and financial proposal, as appropriate.
- (n) If the Bid Evaluation Committee requires clarifications on ambiguities or inconsistencies in a bid, a formal request must be made to the bidder in writing. No changes in the price or the originally offered goods, works or services may be sought or accepted. All communication with Bidders must be conducted solely through the Secretary of the Bid Evaluation Committee. No other committee members are permitted to contact the bidders at any point during the procurement process.
- (o) Responses from bidders to clarifications will only be considered in writing.

## 5.6. Evaluation methodology

- (a) The evaluation methodology that is used is dependent on the respective selection method that has been used.
- (b) The Bid Evaluation Committee members shall use the predetermined evaluation criteria set out in the bidding documents without any changes or alterations.
- (c) During evaluation, members shall not enter into direct communication with bidders. All requests should be through the officer in charge of the Procurement Unit.

### 5.6.1 Request for Quotation Methodology

When quotations have been received through the use of an RFQ, the contract is awarded to the supplier who submits the lowest offer and complies with the minimum requirements as stated in the RFQ document.

### 5.6.2 Request for Bid Methodology

- (a) This methodology is applicable to all tenders where an RFB has been chosen as the procurement method.
- (b) The contract is awarded to the supplier who substantially complies with the eligibility, administrative and technical requirements and who submits the lowest offer. This is also referred to as least-cost based selection.
- (c) This method of evaluation is applied pursuant to a one-envelope submission, where the bidders submit a response where all technical and financial requirements together in a single response document. There is no requirement to separate pricing information from the technical response.
- (d) This methodology can only be used where compliance with the eligibility, administrative and technical criteria can be evaluated on a clear pass-fail basis, irrespective of if the requirement is for goods, services or works.
- (e) If the requirement cannot be evaluated on a clear pass-fail basis then the RFP must be used which allows for evaluation based on a weighted combination of both technical and financial criteria.

### 5.6.3 Request for Proposal Methodology

- (a) This methodology is applicable to all tenders where the procurement method is an RFP and bidders have submitted their responses using a two-envelope system, whereby the financial envelope is not opened until the technical evaluation has been completed. This method is also known as merit-point based selection.
- (b) Under this method, a total score is obtained from the combination of weighted technical and financial attributes of proposals. Proposals are evaluated and points granted based on how well they meet the criteria as set out in the bidding documents.
- (c) This method of evaluation is useful when it is necessary to undertake a more complex evaluation based on a number of variables of differing importance.
- (d) The bidding documents shall state the number of points available for the technical and financial proposals respectively. The technical proposal will be evaluated using pre-defined evaluation criteria. The evaluation criteria are to be defined in

the bidding documents together with information about the number of points assigned to each.

- (e) Under this method, price is one of the evaluation criteria. In general, the more complex the assignment, or the more significant the end product, the less importance price should be. This way the risk of selecting a nonperforming supplier is reduced as the technical requirements outweigh the price factors.

#### 5.7. Preliminary Examination

- (a) The purpose of preliminary examination is to identify and reject bids that are incomplete, invalid or substantially non-responsive to the bidding documents and are therefore not to be considered further. To pass preliminary examination, bids must:
  - (i) be correctly submitted and completed in all material respects;
  - (ii) be properly signed;
  - (iii) meet any eligibility requirements specified in the bidding document;
  - (iv) be accompanied by the required bid security (if requested); and
  - (v) be substantially responsive to the bidding documents as defined in the bid document.
- (b) If a bid contains major deviations from, or reservations to, the terms, conditions and specifications in the bidding documents, it is not substantially responsive. The bidder is not permitted to correct or withdraw any material deviations or reservations once the bids have been opened.
- (c) Simple omissions or obvious minor mistakes should not be grounds for rejection of the bid since a bid is rarely perfect in all respects.
- (d) The Bid Evaluation Committee shall examine the content of each bid to ensure that all required information is submitted in the format and detail required by the bidding documents. This will include:
  - (i) the completeness of the Bid Form and response to the specifications.
  - (ii) offering all of the required items, unless the bidding documents specifically allow partial bids permitting bidders to quote for only some items, lots, or for only partial quantities of a particular item.

- (iii) no missing pages in the original copy of the bid or contradictions in model numbers or other designations of critical items.
- (iv) Confirm the eligibility of the bidder to bid and the eligibility of the goods, works and/or services offered, based on the requirements specified in the bidding documents. This will require that:
  - The bidder and all partners to a joint venture are nationals or juridical entities from an eligible source country.
  - all goods and services originate from eligible source countries. For plant and equipment, this test is normally applied only to the finished product offered in the bid, and to its major and clearly identifiable components.
  - the bidder is not disqualified due to conflict of interest.
  - through affiliation with a firm that has provided related consulting services on the project by which the procurement is financed.
- (v) Confirm the presence and acceptability of the bid security (where required by the bidding documents). If a bid security was requested but not submitted or is submitted in an unacceptable format, the bid will be rejected. Determine the compliance of the bid security as follows:
  - The security must conform to the requirements of the bidding documents and accompany the bid.
  - If the security is in the form of a bank guarantee, it should follow the wording of the bid security form provided in the bidding document.
  - The security for a bid submitted by a joint venture should be in the name of all of the partners of the joint venture.
  - Submission of a copy bid security is not acceptable unless expressly permitted in advance.
  - Securities for an amount smaller, or for a period shorter, than that specified in the bidding documents are not acceptable.
- (vi) The bidding Check if the bidder has placed any unacceptable reservations on delivery, performance or the conditions of contract.
- (vii) Check for major deviations to the commercial requirements. Major deviations



are those that, if accepted, would not fulfil the purposes for which the bid is requested, or would prevent a fair comparison with bids that are fully compliant with documents. Examples of major deviations include:

- Refusal to bear important responsibilities and liabilities specified in the bidding documents, such as performance guarantees and insurance coverage;
- Disagreement with critical provisions such as the applicable law, taxes and duties, and dispute resolution procedures; and
- Any other conditions that are specified in the bidding document which may require rejection of the bid.

Note: Bids that offer deviations may be considered as substantially responsive if the deviations can be assigned a monetary value to be added as a penalty for comparison of bids, and if such deviations would be acceptable in the eventual contract.

- (viii) Recommend rejection of any bid which is not responsive to the bidding document. Minor deviations considered as immaterial to responsiveness should be mentioned in the Evaluation Report.

#### 5.8. Technical Evaluation:

Only bids that have passed the preliminary examination and are considered to be substantially responsive to the bidding documents shall be considered for further technical evaluation.

##### 5.8.1 Technical Evaluation of Bids and Quotations

- (a) The Bid Evaluation Committee must check for compliance with the technical specifications. Unacceptable deviations are those that, if accepted, would not fulfil the purposes for which the bid is requested, or would prevent a fair comparison with bids that are fully compliant with the specifications. Examples may include:
- (i) failure to respond to the specifications by offering a different design or product that is inferior in performance or in other requirements.
  - (ii) submission of samples which do not correspond to the specifications.
- (b) The Bid Evaluation Committee will then confirm compliance, or record reasons

for non-compliance with the specifications in the Evaluation Report. All bids passing the technical evaluation will proceed directly to the financial evaluation.

- (c) For merit point procurements: If a merit point system is specified in the bidding documents, then minimum technical score must be 70 points. Evaluation and scoring of each bid for the technical criteria stated in the bidding documents is undertaken:

#### 5.8.2 Technical Evaluation of Proposals

- (a) In the case of two-envelope methodology, the technical proposal submitted by any bidder would be rejected if the bid does not obtain the minimum required number of points to qualify.
- (b) Where the bidder has not received the minimum number of points to qualify, the financial offer and any bid security must be returned unopened to the bidder.

#### 5.9. Financial Evaluation:

- (a) Financial Evaluation is the process of comparing the offers with the financial criteria stipulated in the bidding documents.
- (b) Only bids passing the technical examination shall be considered for financial evaluation.
- (c) If a two-envelope system (RFP) is specified in the bidding documents, financial evaluation cannot commence until the technical evaluation has been approved by the relevant authority, and financial envelopes have been opened at a second bid opening.
- (d) Financial bids that are based solely on a discount to the lowest priced other bid presented shall be rejected as non-responsive. Similarly, bids stipulating a price adjustment when fixed price bids were requested may be rejected as non-responsive.
- (e) If permitted in the bidding documents, prior to bid opening bidders may have submitted modifications to their original bid. The effect of any such modifications must be fully reflected in the examination and evaluation of the bids.
- (f) Prior to the financial evaluation, bids must be checked for arithmetic errors

and the Bid evaluation committee shall disqualify any bid with arithmetic errors.

- (g) Modifications and Discounts: Discounts offered in accordance with the bidding documents that are conditional on the simultaneous award of other contracts or lots in the bidding documents (“cross-discounts”) shall not be evaluated until the completion of all other evaluation steps. Any non-conditional discounts should be included at financial evaluation stage.
- (h) Currency Conversions: If bids in different currencies are permitted in the bidding documents, convert the bid prices to US Dollars for evaluation.
  - The selected source and date for currency exchange rates must be as specified in the bidding documents.
  - The source of exchange rates will be that specified in the bidding documents on the selected date.
  - The selected date should be the same day as the bid opening is scheduled to occur.
  - The appropriate conversion rate shall be applied to each corrected bid price to arrive at the evaluation price in US Dollars.

#### 5.9.1 Comparison and Ranking of Bids

- (a) For least-cost selection, the corrected bid prices, adjusted for omissions, deviations and specified evaluation factors, and converted to a common currency are ranked to determine the lowest evaluated cost bid.
- (b) For merit point systems or RFP the combined technical and financial scores are calculated to determine the winning bidder.
- (c) In either case, the ranking of bidders may still be subject to:
  - (i) the application of any cross-discounts, dependent on the simultaneous award of multiple contracts or lots; and
  - (ii) post-qualification evaluation, or, if pre-qualification has occurred, reconfirmation of pre-qualification information.

#### 5.9.2 Cross-Discounts

Cross-discounts are conditional discounts offered if more than one contract or lot is awarded to the same bidder. Bid evaluation in such cases can be complicated where:

- (a) The value of cross-discounts offered vary with the number of contracts awarded;

or

- (b) The bidding documents limit the number or total value of awards to a bidder based on financial and technical capacity. Thus, a bidder offering the lowest evaluated cost bid on a particular contract may be denied award because of such a restriction.
- (c) Detail any calculations of cross-discounts on an attachment to the Evaluation Report, which should also include the bid evaluation(s) for the other contracts, if they have been evaluated separately.

#### 5.9.3 Margin of Preference

In accordance with the relevant provision of the FRR, due consideration should be given to Indigenous African Suppliers unless there is an express stipulation by a donor imposing a restriction. Guidelines for the application of Margin of preference shall be issued under this Manual.

#### 5.9.4 Identification of winning bidder

- (a) Once the Bid Evaluation Committee has identified the bidder who is to be recommended for award, an Evaluation Report must be created detailing the process that has been followed, and the results of the evaluation.
- (b) Prior to the recommendation to award being submitted to the approval authority, the winning bidder must be found to be formally eligible to enter into contract with the (**Ewryoca**). Therefore, post-qualification shall be conducted with the winning bidder in accordance with the tender evaluation process.
- (c) The level of post-qualification that is required is dependent on the value and complexity of the procurement, and judgement should be applied when determining the extent to which post-qualification should be conducted.

#### 5.10. Post-Qualification of Bids

- (a) Post-Qualification shall be conducted to determine the physical capability of the winning bidder to perform the contract. Using the criteria specified in the bidding documents, this review should include an assessment of the bidder's financial and physical resources available to undertake the contract, including his current workload.
- (b) If a pre-qualification stage was undertaken, a lesser degree of post-qualification should be conducted, to ensure that the bidder's qualifications have not materially

deteriorated, or if the bidder has since received additional work that reduces the available capacity.

- (c) Where pre-qualification has not taken place, the winning bid should be subjected to post-qualification, according to the procedures described in the bidding documents.
- (d) If the lowest evaluated cost bidder fails post-qualification, his bid should be rejected, and the next ranked bidder should then be subject to post-qualification examination. If successful, this bidder should receive the award. If not, the process continues for the other bidders.
- (e) The rejection of a bid for reasons of qualification requires substantial justification, which should be clearly documented in the text of, or in attachments to, the Evaluation Report.
- (f) A long history of poor performance may be considered a justification for failing post-qualification if the bidder is unable to demonstrate that steps have been taken to resolve previous problems.

#### 5.10.1 post-qualification - supplier background checks

- (a) Initial supplier background checks shall be conducted regardless of the value of the contract to be awarded. These should include as a minimum:
  - (i) A basic internet search, telephone call or email to determine if the company exists
  - (ii) Verification that the company is legally incorporated by requesting the certificate of incorporation (if this has not been requested as part of the bidding documents)
  - (iii) Verification of supplier references (if requested as part of the tender response)
  - (iv) Ensuring that the supplier is not barred from entering into contracts with the **(Ewryoca)**. or relevant government or donor
- (b) Advanced supplier background checks should be conducted if the contract is for a high value, high risk procurement process, or if doubts persist upon completion of the initial supplier background check. Advanced supplier background checks may include:
  - (i) Conduct a site visit to the suppliers stated location
  - (ii) Verify information contained in corporate registries
  - (iii) Analysis of the litigation history of the supplier

- (iv) Verification of the compliance policies of the supplier
- (v) Review the payment procedures and banking history of the supplier.

#### 5.10.2 post-qualification - financial due diligence

- (a) The purpose of conducting financial due diligence is to ascertain the suppliers financial capacity to perform the contract.
- (b) In order to assess the financial capacity of the supplier, the bidding documents must request audited financial accounts or financial statements (in accordance with the size of the organisation), covering the period of the last three (3) years. Financial statements
- (c) A range of financial ratios can then be applied to determine the suppliers' financial capacity as below.

| Financial ratio                | Formula  | Description   | Warning signals  |
|--------------------------------|--|---|--|
| <b>Net profit margin</b>       | Netprofit  | sjows how much pricing power the supplier has for its product and how well it minimizes | A net profit above 0.1 indicates that the supplier is less likely to commit fraud. A net profit below 0 means        |
|                                | Totalrevues  |   |  |
| <b>Return on assets</b>        | Netprofit  | Assesses the return the company can generate for each dollar of its assets              | A low ratio in comparison with industry averages indicates an inefficient use of business assets.                    |
|                                | Totalassets  |   |  |
| <b>Return on equity</b>        | Netprofit  | Measures the return for each dollar invested in the company                             | A low ratio in comparison with industry average indicates ineffective  |
|                                | Stockholder's equity   |   |  |
| <b>Quick ratio / Acid-test</b> | Cash+Marketable securities+Receivables<br>Total currentliability | Indicates whether a company can cover its liabilities as they come due immediately      | A quick ratio below one is a warning signal, as the company may not be able to cover its bills in the                |
| <b>Debt-to-equity</b>          | Total debt   | Shows the indebtedness of the supplier by comparing creditor with owner financing       | If the ratio is greater than 0.5 the supplier is highly leveraged increasing the supplier's likelihood of bankruptcy |
|                                | Total equity   |   |  |

- (d) It should be noted that the ratios above are best practice guidance. A supplier should not be excluded based on any single ratio, rather, all should be applied to determine an overall picture of financial health.

### 5.11. Evaluation Report

- (a) The Evaluation Report is an essential document to demonstrate a record of transparency in the procurement process and must be compiled with care and attention to detail.
- (b) The Bid Evaluation Committee may recommend that all of the bids be rejected if:
  - (i) none of the bids are found to be responsive.
  - (ii) all of the bids are unreasonably high in price compared to the cost estimate.
  - (iii) none of the bidders are qualified.
  - (iv) there is deemed to be an absence of competition, (however lack of competition is not usually decided solely on the basis of the number of bidders).
- (c) The amount of the recommended contract award is the bid price as submitted by the winning bidder after adjustment as described in the bidding documents for corrections, any discounts (including cross-discounts) and acceptance of alternative offers from the bidder (if alternative offers are permitted in the bidding documents). Adjustments for evaluation purposes only (e.g. for deviations or margins of preference) used to determine the lowest evaluated cost bid, shall not be included in the resulting contract price.
- (d) Further adjustments to the final price and scope of the contract to correct for acceptable omissions and quantity variations in the bid may still need to be agreed with the winning bidder.
- (e) The Evaluation Report shall contain a summary of the procurement and evaluation process and will include:
  - (i) the recommendations.
  - (ii) justification of any decisions reached by the Bid Evaluation Committee on rejection of bidders and the recommendation for award of contract, or for essential negotiations with winning bidder, or rejection of all bids;
  - (iii) clearly establishing the actual amount of the contract award.
  - (iv) A summary of important evaluation criteria, with evidence of how it affected the outcome of the evaluation.
  - (v) Explanation of any inconsistencies between prices and modifications to prices established at bid opening.
  - (vi) Details of any bids rejected during the examination.

- (vii) Explanation of reasons if provisional sums vary among bidders.
- (viii) Explanation of any substantial corrections for arithmetic errors which may affect the ranking of bidders.
- (ix) Explanation of any additions, adjustments, and priced deviations that may affect the ranking of bidders.
- (x) Explanation of any cross-discounts not read out and recorded at the bid opening.
- (xi) Evidence of any other related contracts recommended for award to the same bidder at the same time.
- (xii) Justification of any reasons for not recommending award of contract to the lowest evaluated cost bidder (for an RFB or RFQ)
- (xiii) Where an alternative bid is recommended for award, a detailed explanation addressing issues of time delays, performance factors, and cost implications, and justification of any changes to the original scope and contract conditions must be provided.
- (xiv) Explanation of all adjustments to the evaluated price or to the contract award price.
- (xv) Details of any clarifications, and responses by the Procurement Unit, and bid clarifications requested by the Procurement Unit and bidder responses.
- (xvi) All required Tables and supporting documents.



## CHAPTER 6: CONTRACT AWARD

### 6.1. Approval of Recommendation for Contract Award

#### 6.1.1 Authority Levels

- (a) In accordance with FRR, the Authority responsible for the approvals of the recommendation for award is pursuant to the value of the contract to be awarded.
- (b) The appropriate authority will review the evaluation report and recommendations presented by the Bid Evaluation Committee.
- (c) Before giving approval, the Authority will ensure that any written complaints made by bidders concerning the bid opening procedures have been reviewed and responded to. If the complaint indicates a serious breach of procedures or ethics, the Authority shall reject the evaluation report and call for re-tendering.
- (d) The Authority shall award the contract to the bidder who has submitted the bid that is responsive to the bidding documents and has been determined to be qualified to be able to perform the contract.
- (e) For Partner funded projects, award of contract for procurement of goods, Consultancy services, non-consultancy services and works may be subject to Prior review by the Partner. The thresholds for prior review will vary in accordance with the project and will be specified in the agreement or any other legal document between the Ewryoca and the Funding Partner.

#### 6.1.3 Rejection of all Bids

- (a) If the Bid Evaluation Committee recommends the rejection of all bids, the Authority may consider:
  - (i) wider advertising or sourcing of bidders if the rejection of all bids is due to lack of competition.
  - (ii) invitation of new bids through the restricted procurement method with updated bidding documents if the rejection is due to most or all of the bids being non-responsive.
  - (iii) if the winning bid price exceeds the pre-bid cost estimates by a substantial margin, investigate the causes of the excessive cost and request new bids with amendments to the specifications or bidding document.
  - (iv) negotiations with the winning bidder with the objective of agreeing a satisfactory contract through a reduction in the scope or quantities and/or a reallocation of risk and responsibility, to reduce the contract price. However,

any substantial reduction in the scope or modification to the contract documents will require re-bidding to ensure transparency.

- (v) instructing the Bid Evaluation Committee to review the causes of the rejection and to recommend revisions to the:
  - conditions of contract.
  - design and specifications.
  - scope of the contract.
  - or any other relevant provision.
- (b) Where all bids have been rejected, the requirement should not be retendered using the same specifications, bidding and contract documents and method of procurement solely for the purpose of obtaining lower prices.

#### 6.1.4 Negotiations

- (a) Once a supplier has been notified of the **(Ewryoca)**.'s intention to award the contract to them, it is possible to discuss with the supplier any matters which are essential for the implementation of the contract (i.e. payment milestones). Contractual discussions after the intention to award have been sent, cannot amend any of the provisions which would have affected the outcome of the evaluation.
- (b) Negotiations are undertaken after selection and before the award of contract, with the purpose of ensuring best value for money for the **(Ewryoca)**. whilst maintaining fairness, integrity and transparency.
- (c) Negotiations should not normally be conducted, except where there is a reasonable justification, this may include:
  - (i) Where the Non-Competitive process has been utilised, or where there is only one possible bidder due to justified single-source requirements.
  - (ii) Negotiations (including price) may be undertaken in the selection of consultant services where price is not an evaluation criteria. This will apply only to the Quality-Based Selection (QBS), Selection Based on Qualifications, or the Single-Source Selection methods and will follow the procedures specified in the Request for Proposals.
  - (iii) Negotiations with the lowest evaluated cost bidder may be undertaken where reservations or restrictions on the specifications or conditions are contained in the bid. These negotiations are for the sole purpose of persuading the bidder to waive these restrictions so that the bid is in accordance with the

specifications, terms and conditions of the original tender; and

- (iv) Negotiations with the lowest evaluated cost bidder may be undertaken to agree a satisfactory contract through a reduction in the scope or quantities and/or a reallocation of risk and responsibility, to reduce the contract price when prices quoted are substantially higher than the estimated cost. However, any substantial reduction in the scope or modification to the contract documents may require re-bidding to ensure transparency.
- (d) In no circumstances shall negotiations be conducted with two bidders simultaneously.
- (e) Negotiations must be approved by the relevant authority prior to commencement and must involve two (2) (Ewryoca). personnel as a minimum.
- (f) All negotiation minutes should be fully documented.

## 6.2. Contract Award

- (a) The(Ewryoca). can enter into a contractual obligation with the successful bidder, only after official award of contract by the relevant authority and the fulfilment of any conditions to that award.
- (b) The winning bidder should be notified in writing, by letter or email, regarding the provisional award of contract subject to contract signature taking place.
- (c) Notification should be sent to the unsuccessful bidders with a notification of the successful bidder and their country upon receipt of performance or upon signature of contract with the winning bidder. Any applicable bid securities should be returned to the unsuccessful bidders at this time.

### 6.2.1 Preparation and vetting of Contract.

- (a) Following the notification as detailed above, the Procurement Unit will prepare the Purchase Order and/or draft contract document.
- (b) For all contracts other than simple Purchase Orders without special conditions, the following action will be taken:
  - (i) Preparation of the draft contract with the assistance of relevant technical services.
  - (ii) Preparation of Purchase Order including any specific terms of contract.
  - (iii) Assemble the contract documents including all attachments forming part of the contract and submit them to the Office Contract Administration or competent Legal Officer, for vetting of the contract.
- (c) The Office Contract Administration or competent legal Officer will vet the contract

documents, other than Purchase Orders without special conditions of contract, to ensure that the interest of the **(Ewryoca)**. is protected.

#### 6.2.2 Contract Issue and Contract Signature

Following vetting and clearance of the draft contract the Procurement Unit will:

- a) Finalize the contract as vetted in two originals.
- b) The contractor shall retain an original and the **(Ewryoca)**. shall retain the other original.
- c) Following the signature by both parties to the contract and submission of any performance or advance payment securities specified in the notice of award, the **(Ewryoca)**. shall distribute the contracts as follows:
  - Original: Legal Counsel
  - The Procurement Unit may also keep a copy of the signed document for their records.
  - Copy to the Business unit.
- d) If the bidder fails to provide the performance security if required or refuses without good reason to sign the contract as requested, refer to the relevant authority for a decision on the confiscation of the bidder's bid security and award to the next ranked bidder.

#### 6.3. Complaints by Bidders and other stakeholders

- (a) Bidders and other stakeholders shall be allowed to lodge complaints during any stage of the bidding process.
- (b) Complaints must be investigated by Complaints Handling committee and all findings reported to the Controlling Officer
- (c) Upon receipt of a written complaint, the Complaints Handling committee shall immediately suspend the procurement process and ensure that the bidder / stakeholder has an opportunity to formally present her / his case and to receive an explanation of the decisions made within seven (7) calendar days of receipt of his complaint. No complaint shall be entertained after seven (7) calendar days upon notification of award.
- (d) Where investigations indicate that the bidder has a valid complaint that may have affected the award of contract:
  - (i) no award of contract shall be made pending resolution of the dispute. or
  - (ii) a notice suspending performance of the contract shall be sent to the supplier awarded the contract.

- (e) If the supplier awarded the contract is believed to have engaged in fraudulent or corrupt practices in obtaining the award of contract, the supplier shall be invited to explain his defence to the Complaints Handling Committee. If no satisfactory explanation is received within 7 days, the contract shall be terminated and the Accounting Officer for debarring the supplier from participating in (Ewryoca). procurement for a set period of time.
- (f) If an award of contract was made incorrectly due to internal failures within (Ewryoca). to follow the procedures established in the Manual, the disciplinary action to be taken against (Ewryoca). Officers and determine the specific actions necessary to resolve the complaint and award of contract.

#### 6.4. Contracts

- (a) A contract is a written, legally binding agreement between the (Ewryoca). and suppliers, which establishes the terms and conditions. A contract may take many forms, such as an agreement and purchase order.
- (b) Ewryoca standard contract documents should be used at all times, with little modification in the Special Conditions of Contract (SCC), except where approval has been granted by the Office Contract Administration.
- (c) The list below details the most common type of contractual modalities:
  - (i) **Framework Agreement:** where a contract is awarded to a supplier(s) for a period of time (not to exceed three (3) years), and there is no obligation to call-off a minimum or maximum number of requirements. Each time a requirement is identified that can be procured using the framework agreement, a PO may be issued to the supplier without the need for further competition.
  - (ii) **Consultancy contract,** where the consultant/supplier is paid on a monthly or pre-determined basis upon completion of contract milestones.
  - (iii) **Lump Sum Contract:** where the entire contractual amount will be paid in a lump sum upon delivery of the goods or completion of the services.
  - (iv) **Unit price contract:** where the nature of the goods/services makes it impossible to determine the total quantity required, but the contract does set out a maximum amount not to be exceeded.
  - (v) **Construction or works contracts:** these can take various forms, with the most common listed below. The method of procurement shall be dependent on the type and value of contract to be put in place.

- Minor Works Contract: basic or routine works (RFB)
- Short Form Construction: relatively basic or routine works
- **Measure Price Construction:** complex works to be paid on a measured price basis
- **Lump Sum Construction:** Complex works to be paid on a lump sum basis
- **Design and Build:** for contracting both design and build
- **Design:** for contracting only design

#### 6.4.1 Advance payments

In general, advance payments for mobilisation of contractors or consultants are accepted as a standard. The use of advance payments in other cases shall be actively discouraged wherever possible throughout (Ewryoca). procurement processes.

##### 6.4.1.1 Advance Payment for Goods

- The offering of advance payment for goods in the bidding documents may be appropriate when items are specifically manufactured to the specifications of the EAO. Advance payment shall not be offered as a standard condition in any other bidding document for the procurement of goods.
- The normal practice shall be to offer full payment following delivery or payment by Letter of Credit for international purchases.

##### 6.4.1.2 Advance Payments for Works and Consultant Services

- The provision of advance payments for mobilization of contractors and consultants shall be subject to the terms stated in the bidding document. Any such advance payments may be initiated on receipt of an advance payment security in a form acceptable to the(Ewryoca). .
- The provision and methodology for repayment of any advance shall be fully defined within the contract document, including a provision for deductions to be made from approved certificates or stage payments to the contractor or consultant.

#### 6.4.2 Performance Securities

- Performance securities from a supplier or contractor are used to protect the (Ewryoca). by guaranteeing performance under the terms of the contract. Such securities are normally required in the form of a bank guarantee specifying the specific conditionality for defaults under which the(Ewryoca). may call for payment. Alternative acceptable formats of performance security such as

Bankers Cheques, or bonds issued by insurance companies may be specified as acceptable in the bidding documents.

- (b) In contracts for the supply of goods, the need for performance security depends on the market conditions and commercial practice for the particular kind of goods. Suppliers or manufacturers may be required to provide security in an appropriate and reasonable amount to protect against non-performance of the contract. The security shall, if required, also cover warranty obligations and any installation or commissioning requirements in accordance with the applicable SBD. Contracts for works and single responsibility contracts shall require security in an amount sufficient to protect the (Ewryoca). in case of breach of contract by the Contractor. This security shall be provided in an appropriate form and amount, as specified in the bidding document.
- (c) The amount of security may vary, depending on the type of security furnished and, on the nature, and magnitude of the works or facilities. A portion of this security shall extend sufficiently beyond the date of completion of the works or facilities to cover the defects liability or maintenance period up to final acceptance by the(Ewryoca). . Contracts for works may provide for a percentage of each periodic payment to be held as retention money until final acceptance. Contractors may be allowed to replace retention money with an equivalent security in the form of a Bank security or guarantee after provisional acceptance.
- (d) Any requirement for performance security shall be indicated in the bidding documents as a set percentage of the contract sum. The value shall normally be set at between 10% and 20% of the contract sum, based on consideration of the risks and costs that (Ewryoca). may suffer in the event of any default by the supplier or contractor.

#### 6.4.3 Advance Payment Securities

- (a) Where advance payments of Birr 500,000 or above are made, an advance payment security shall be required from the supplier or contractor to cover the full amount of the advance payment. Advance payment securities shall normally be in the form of a bank guarantee specifying the specific conditionality under which the (Ewryoca). may call for payment.

#### 6.4.4 Retentions

- (a) Retentions are normally applicable to works projects or occasionally to the supply of machinery and equipment.

- (b) The rates of retention to be withheld from all certificates or stage payments for works contracts shall be specified in the contract. Following interim takeover of the works, further payment may be made to the contractor under the terms of the contract to reduce the retention to a lower percentage of the contract price.
- (c) The balance of any Retention monies is only released to the supplier or contractor on satisfactory completion of the guarantee or warranty period stated in the contract.

#### 6.4.5 Subcontracting

- (a) A Supplier/Contractor may subcontract specific portions of a contract to a third party subject to the following conditions:
  - (i) the portion of the work to be subcontracted is in accordance with any limitations contained in the bidding documents (i.e. the percentage of work which is permitted to be subcontracted is stated in the bidding documents);
  - (ii) the Supplier/Contractor shall notify the **(Ewryoca)**. in writing of all subcontracts awarded under a Contract if not already specified in the bid. Such notification, in the original bid or later, shall not relieve the Supplier from any liability or obligation under the Contract.
  - (iii) the subcontracting arrangement is approved by the **(Ewryoca)**. or, in the case of works procurement, the Project Manager acting on behalf of the **(Ewryoca)**. .
  - (iv) the Supplier/Contractor may not assign the Contract to the subcontractor without the express written approval of the **(Ewryoca)**. .
  - (v) sub - contractors must comply with the provisions of the eligibility clauses and exclusion clauses as detailed within the bidding documents and this manual.
- (b) Procurement Officers may conduct due diligence on proposed subcontractors to ensure that they have the requisite skills and qualifications to perform the contract.



## CHAPTER SEVEN: CONTRACT MANAGEMENT, DELIVERY AND PAYMENT

### 7.1. Contract Management

- a) The purpose of contract management is to ensure that all parties to the contract fully meet their respective obligations as efficiently and effectively as possible, delivering the business and operational output required from the contract and providing value for money. It also protects the rights of the parties and ensures required performance when circumstances change.
- b) The Procurement Unit and the Business unit concerned must ensure that routine monitoring of all current contracts is maintained so that swift remedial action can be taken when problems arise, or preventative action taken when problems are foreseen.
- c) There are many issues that need to be dealt with, monitored and resolved before the contract reaches its conclusion including:
  - (i) Contract Effectiveness.
  - (ii) Delivery and Inspections of Goods.
  - (iii) Insurance Claims, where applicable.
  - (iv) Payments to the Supplier or Contractor.
  - (v) Performance Monitoring for Services and Works.
  - (vi) Contractual Disputes.
  - (vii) Delays in Performance.
  - (viii) Claims for Damages.
  - (ix) Initial and Final Takeover of construction works.
  - (x) Installation and Commissioning of Equipment.
  - (xi) Acceptance of Deliverables.
  - (xii) Release of Performance Securities and Retentions.
  - (xiii) Contract Closure

### 7.2. Contract Effectiveness

Although the Contract Form may have been signed by both parties, the legal effectiveness of the Contract may be dependent on one or more of the following conditions:

- (a) Receipt by the **(Ewryoca)**. of a Performance Security.
- (b) Receipt by the **(Ewryoca)**. of an Advance Payment Security.
- (c) Receipt by the Supplier/Contractor of the Advance Payment; or
- (d) Receipt by the Supplier/Contractor of an acceptable Letter of Credit.

- (e) Handing over of the site in case of works
- (f) The contract shall specify the conditions for effectiveness.

### 7.3. Contract Supervision and Administration - Goods

- (a) Supervision and administration is straightforward in most procurement of goods but monitoring delivery schedules, processing of documents and the inspection of goods are essential to ensure that the right goods are delivered on time.
- (b) Contract supervision and administration for goods will be undertaken by the Procurement Unit in conjunction with the Business unit, as appropriate.
- (c) Supervision shall entail the following:
  - (i) Monitoring the delivery schedules of all purchases to ensure that they are dispatched, delivered or collected on time including partial shipment.
  - (ii) Receiving reports on any pre-shipment inspection of goods and contact the supplier in writing requesting rectification of any discrepancies or deficiencies.
  - (iii) Contacting the supplier or shipper to identify the causes of any delay in delivery;
  - (iv) Initiating and supervising any process for claims against insurance or the supplier.
  - (v) Reporting to the relevant authority where appropriate any failure by the Supplier in his contractual obligations.
  - (vi) Undertaking customs clearance and payment of handling fees at the port of entry for imported goods.

### 7.4. Pre-shipment Inspection of Goods

- (a) As a quality control measure, Pre-shipment Inspection (PSI) of goods may be required by **(Ewryoca)**. for specialised goods to ensure that the right goods are shipped.
- (b) When pre-shipment inspection of goods is specified in the contract, a third-party agent or a technical team shall be appointed by the **(Ewryoca)**. . The inspector shall carry out the inspection to ensure that the goods and packing are in strict conformity with the requirements.
- (c) Inspection agents shall be recruited through an appropriate procurement method.

### 7.5. Receipt and Inspection of Goods

The Stores Unit is responsible for the receipt of goods except under works contracts where construction materials are delivered directly to the site.

### 7.5.1 Delivery of Goods

On delivery by a supplier, the Stores Unit shall:

- (a) Receive the goods into temporary storage.
- (b) Examine the apparent condition of the goods and packing.
- (c) The receiver shall sign on the delivery note/shipment documents to acknowledge receipt.
- (d) Receive and register the invoices, and other documentation from the supplier or shipper. Retain invoices and other documents pending processing (through the Procurement Unit) to the Accounts Department for payment following the report of the Inspection and Receiving Committee.
- (e) Arrange notification to the Inspection and Receiving Committee and to the Supplier of the date and time of the formal inspection of the delivery.

### 7.5.2 Inspection of Goods

The Inspection and Receiving Committee shall meet within three days following the arrival of the goods, and in the presence of the Supplier's representative if he chooses, will:

- (a) Examine the documentation and packaging for compliance with the contract.
- (b) Ask the Supplier to open the packages (or arrange opening of the packages at the Supplier's expense).
- (c) Examine and analyse the goods for conformity with the contract specifications and/or the samples provided.
- (d) Reject all goods that are damaged or do not conform to the required specifications or samples.
- (e) Prepare the Inspection Report, recording the delivery, and descriptions, specifications and quantities of the goods examined, and the reasons for accepting or rejecting the goods.
- (f) Release accepted goods to permanent storage.
- (g) The Inspection and Receiving Committee Report shall be forwarded to the respective Procurement Unit, Stores Unit and/or Business unit as appropriate, for raising Goods Received Note (GRN), processing of payment to the supplier and for record purposes.

### 7.6. Payment for Goods

For simple payments against invoices, the Procurement Unit will:

- (a) Forward a request for payment to resource management directorate or

equivalent with the following attachments:

- (i) original invoice from the Supplier.
  - (ii) the shipping documents or airway bill, or a delivery note.
  - (iii) original of the Inspection Report.
  - (iv) original Goods Receipt Note.
  - (v) results of any laboratory analysis.
  - (vi) calculation of any penalties for rejected goods not removed by the Supplier, and any liquidated damages if allowable under the contract.
  - (vii) copies of the contract document, records of approval and financial authorizations.
- (b) Keep record of all requests for payment sent to resource management directorate.

#### 7.7. Contract Supervision and Administration - Works

Contract supervision and administration of works contracts is often complex due to factors which could not be foreseen at the start of the work. The use of Supervising Engineers or Project Managers on larger contracts can mean that daily control and supervision of the contract is not undertaken by the **(Ewryoca)**. The Responsible Unit shall therefore ensure that routine reports are received of progress and any problems that arise during the contract performance. The Supervising Engineer shall report to the **(Ewryoca)**. The Project Manager and the Supervising Engineer shall work in close collaboration with **(Ewryoca)** in all technical matters.

##### 7.7.1 Contract Supervision

Day-to-day supervision of larger works contracts is carried out by the Supervising Engineer or Project Manager who acts for the **(Ewryoca)** to supervise and administer the contract.

- (i) The Supervising Engineer/Project Manager usually acts at the first level in settlement of disputes and must ensure that the **(Ewryoca)** is informed of any disputes and their resolution. Any serious disputes which may require an amendment or addendum to the original contract must be reported immediately to the **(Ewryoca)**.
- (ii) Additional work or costs which are not covered under the terms of the existing contract and total contract value must be referred to the delegated authority for approval before commencement.
- (iii) Requests for extension of time, with or without additional costs, or for additional

payment to the contractor must be resolved quickly, subject to the approval of the delegated authority.

#### 7.7.2 Payment for Works

- (a) Payment for works contracts will normally be made against Payment Certificates issued by the Contractor, reviewed by the Supervising Engineer and Procurement Unit, and Completion Reports of the Inspection and Receiving Committee on provisional or final takeover.
- (b) The Procurement Unit will ensure that:
  - (i) any required retention specified under the contract is deducted from the value of the Certificate before payment.
  - (ii) agreed deductions in respect of the repayment schedule for any advance payment are deducted from the value of the Certificate before payment.
  - (iii) on issue of an interim takeover certificate by the Inspection and Receiving Committee or project Manager, part of any retention monies held may be paid to the contractor if specified in the contract.
  - (iv) on issue of a final takeover certificate by the Inspection and Receiving Committee, the balance of any retention monies is paid to the contractor.

#### 7.8. Contract Supervision and Administration - Services Contracts

- (a) Contract supervision and administration for simple routine services such as office cleaning, provision of transport or contract maintenance, will be undertaken by the office in charge of facilities Management and Administration
- (b) For consultancy services, the contract will usually nominate a Project Manager to coordinate supervision and administration.
- (c) The contract may specify payments on the basis of inputs (time), deliverables, retainers, unit rates or commission fees, and administrative and supervision activities must therefore be based on the specific terms of each contract.
- (d) The Project Manager will:
  - (i) Monitor the activity and performance in accordance with the contract to ensure levels of service are maintained and that deliverables are submitted or completed on time.
  - (ii) Ensure that all contractual obligations of the (Ewryoca). are performed promptly and efficiently.
  - (iii) Ensure that all deliverables (and especially reports) are reviewed immediately and responded to in writing where necessary.

- (iv) Contact the service provider to identify the causes of any failings in performance or failure to meet targets.
- (v) Issue a formal letter, except on matters of a legal, contractual or financial nature to the service provider detailing the complaint if the explanation given is unsatisfactory or if performance is not improved within a reasonable period of time.
- (vi) Report to the Procurement Unit any continued breach by the service provider of his contractual obligations with copy to the Office Contract Administration .

#### 7.8.1 Payment for Services

- (a) Payment for service contracts shall be made according to the specific terms of each contract against invoiced claims by the service provider.
- (b) The Project Manager will ensure that:
  - (i) the invoice claim is justified by the evidence of timesheets, submission and acceptance of deliverables, or other criteria as specified in the contract;
  - (ii) agreed deductions in respect of the repayment schedule for any advance payment are deducted from the value of the invoice before payment.

#### 7.9. Prompt Payments

- (a) The **(Ewryoca)**. has a responsibility to make payments promptly in accordance with the contract. Payment delays not only create a bad impression of the **(Ewryoca)**. but are also ultimately passed on to the**(Ewryoca)**. in higher prices as Suppliers factor in the cost of payment delays in their prices.
- (b) The periods in which payments have to be made, and any penalties for delayed payment will be those specified in the signed contract.

#### 7.10. Contract Performance

##### 7.10.1 Monitoring Suppliers' Obligations.

- (a) The Supplier or Contractor's performance against the contract must be monitored on a routine basis.
- (b) The Procurement Unit will:
  - (i) notify the Supplier or Contractor immediately in writing of any failings in performance.
  - (ii) update the contract file and Contract Register regularly to reflect the monitoring of performance.
  - (iii) ensure that the relevant authority is informed of any serious failings in performance.

### 7.10.2 Performance of **(Ewryoca)**. Obligations

- (a) The Contract may impose certain conditions on the Ewryoca which, if not complied with, may affect the Supplier or Contractor's performance including:
  - (i) Payment within the contracted time limits.
  - (ii) Assistance with import licenses, etc;
  - (iii) Approval of drawings or reports within the set time periods.
  - (iv) Provision of storage or working facilities and access permits.
  - (v) Conditions relating to the provision of support services by the **(Ewryoca)**.  
(e.g. letters of invitation for visas, provision of office space, etc.).
- (b) Ensure that all contractual obligations of the **(Ewryoca)**. are planned and performed without undue delay.

### 7.10.3 Delays in Performance

Delivery of goods, construction of works and the performance of services should be completed by the Supplier or Contractor in accordance with the time schedule prescribed in the Schedule of Requirements. Where this is not the case:

- (i) In accordance with the contract conditions, the Supplier, Contractor, or its subcontractor, must notify the **(Ewryoca)**. in writing of the conditions delaying performance, including full details of the delay, the likely duration and the cause(s).
- (ii) The Procurement Unit or Business unit, where appropriate, will immediately assess the situation, and may at its discretion recommend to the relevant authority an extension of the Supplier or Contractor's time for performance, with or without liquidated damages as specified in the Contract.
- (iii) If the time for performance is extended, both parties shall ratify such extension by a formal addendum to the Contract subject to approval by the relevant authority.
- (iv) A delay by the Supplier or Contractor in the performance of obligations may render him liable to liquidated damages if specified in the contract document, except where:
  - The delay is as a result of Force Majeure.
  - there is no provision for liquidated damages in the contract.
  - an extension of time is agreed between the two parties without the

application of liquidated damages.

#### 7.10.4 Resolution of Disputes

- (a) Most minor disputes may be resolved by amicably and by agreement between the(Ewryoca). and the Supplier or Contractor to rectify the cause of complaint.
- (b) Any formal written complaints received from a Supplier or Contractor should be fully investigated and referred to the Complaints Handling Committee to seek ways and means of addressing the complaints.
- (c) The Procurement Unit shall prepare any necessary addendum to the Contract, for review and approval by the Office Contract Administration, and signature.

#### 7.10.5 Termination of the Contract

- (a) The parties to the contract normally have the right to terminate the contract, but to protect the(Ewryoca). , advice of the Contract Administration and the relevant authority should always be sought if the (Ewryoca). is considering such action. Contracts shall only be terminated as per the terms and conditions spelt out in the contract. The Procurement Unit shall examine the Contract carefully to be aware of all contract conditions and penalties relating to the Termination of Contract.
- (b) The Contract administrator shall prepare the necessary correspondences in relation to termination of contract and settlement of any contractual penalties.

#### 7.11. Contract Amendments

- (a) Contract amendment may become necessary as a result of the application of price variations specified in the contract, the resolution of disputes, additional or reduced requirements by the(Ewryoca). , agreements to extend the time schedule, or from specified increases or decreases in commodity prices permitted in the contract.
- (b) The Business unit shall obtain a confirmation of Availability of Funds from the resource management directorate for any increase in the funding requirement;
- (c) All amendments to costs, quantities, delivery timescales and other terms and conditions of the contract must be approved by relevant authority as appropriate and confirmed in a formal contract amendment or addendum.
- (d) The Procurement Unit will:
  - (i) Identify and agree with the Business unit and the Supplier or Contractor the specific clauses in the contract which need to be changed, and the new values or terms and conditions which are to apply;



- (ii) Issue supplementary Purchase Order for increases on simple Purchase Order contract values of less than 10% of the original sum.
- (iii) Seek approval of the relevant authority and prepare a draft contract amendment document for increases exceeding ETB 10,000.
- (iv) Send the draft contract amendment to the Office Contract Administration or equivalent for vetting.
- (v) Following approval by the relevant authority:
  - Record any change in the value of the contract in the Contracts Register.
  - Record any other contractual changes in the Contract Register.
  - Obtain from the supplier/contractor any necessary addition to the performance security.
  - arrange for signature of the contract amendment.
  - distribute copies in the same way as the original contract.

## CHAPTER EIGHT: SUPPLIER REGISTERS

### 8.1. Introduction

Effective procurement depends greatly on the quality and delivery performance of suppliers, contractors and consultants, and their products and services. The Procurement Unit is responsible for maintenance and supervision of registers of suppliers, contractors and service providers who are assessed to be of a suitable standard to meet the requirements of the **(Ewryoca)**..

### 8.2. Maintenance and Management of Supplier Registers

The Procurement Unit will maintain or supervise all Registers of Suppliers used at **(Ewryoca)**. based on the following principles:

- (a) Periodic open advertisement to invite applications.
- (b) Establishment and publication of clear evaluation criteria for acceptance into the defined categories.
- (c) Monitoring and evaluation of the performance of suppliers on contracts awarded and removal from the register of suppliers who fail to perform satisfactorily.
- (d) Sharing database information among **(Ewryoca)**. Procurement Units.
- (e) Registration to be subject to periodic formal renewal, or cancellation if a supplier has not undertaken any **(Ewryoca)**. contracts or re-registered within a three-year period.

#### 8.2.1 Additions to the Register of Suppliers

- (a) To ensure that any new suppliers, contractors or service providers are given the opportunity to join the Register, open advertisement to invite applications shall be published not less than once every year.
- (b) Where invitations are issued for expressions of interest or pre-qualification, suppliers and contractors/service providers who respond and are found to be suitably qualified, but are not already on the Register, shall be added to the database accordingly.
- (c) In open competition, where the **(Ewryoca)**. specifies the criteria and supporting information and documentation required by which the capability of bidders to execute a contract will be assessed, bidders who successfully pass this examination shall also be placed on the Register of Suppliers.
- (d) Unsolicited application for registration may be accepted after assessment on the basis of the published criteria.

### 8.2.2 Supplier Performance Monitoring:

- (a) The Procurement Unit shall maintain a fair and transparent system for monitoring the performance of suppliers against the specifications or contractual obligations based on the evidence recorded in the Procurement File.
- (b) Mitigating factors must be taken into consideration when assessing supplier performance, and especially factors outside the supplier's control, and any contributory acts or omissions on the part of the **(Ewryoca)**. such as failure to make a payment or to provide required information on time.
- (c) Suppliers who fail to fulfil their contractual obligations in a satisfactory manner, in terms of quality, delivery, performance, or customer service, and who fail to improve their performance on being notified of the deficiency, shall be removed from the Register.
- (d) Suppliers failing to perform satisfactorily shall be notified in writing, specifying the deficiencies to be addressed, and may be given an opportunity to improve their performance.
- (e) Subject to approval by the relevant authority, suppliers who consistently and seriously fail in contract performance or consistently fail to sign contracts after award for no justifiable reason shall be debarred for a specified period of time after which the supplier will be re-evaluated before readmission.

### 8.2.3 Categories of Registration

Suppliers are to be registered into appropriate categories for the specific goods or services they supply. Some common examples may be:

- (a) Type or value of works contracts.
- (b) Office Stationery and Computer Supplies.
- (c) Computer Services.
- (d) Office Equipment.
- (e) Medical Equipment.
- (f) Tyers and Batteries;
- (g) Vehicle Repairs.
- (h) Architectural Design.
- (i) Office Cleaning Services:and
- (j) Medical supplies.
- (k) Hotels and Catering services

#### 8.2.4 Other provisions

- (a) Procurement Committees have overall responsibility for approval of the suppliers that are entered onto or removed from the Register of Suppliers.
- (b) Except when open tendering is required, and where no other method of pre-qualification is used or required, suitable bidders for a limited Competition may be selected directly from the Register.
- (c) The selection of shortlists of suppliers shall ensure that a rotation of suppliers on the Register is made to ensure transparency rather than using the same suppliers every time.

## CHAPTER 9: COMMUNICATIONS, RECORDS MANAGEMENT, AND MONITORING AND EVALUATION

### 9.1. Correspondence/Communications

Correspondence and communications are essential to the management of relationships with suppliers and other bodies, but communications issued by the **(Ewryoca)** may commit or bind it to a course of action with legal, contractual or financial implications. Therefore, all procurement correspondence and other communications issued by the **(Ewryoca)** shall emanate only from the Procurement Unit in writing.

### 9.2. Documentation/Records Management

#### 9.2.1 Documentary Records

- (a) Documentary records, both in print or electronic format, are essential for efficient and effective management of activities, provide evidence in support of decisions and actions taken, and provide an audit trail for verification of transparency, accountability and effectiveness. Efficient records management is essential to ensure effective storage, retrieval and use with due regard to security, integrity and confidentiality.
- (b) All Officers shall ensure they obtain, retain and maintain appropriate documentation supporting the activities for which they are responsible.
- (c) Officers involved in approval or authorisation shall ensure that any transactions they approve or authorise are backed by appropriate supporting documentation.

#### 9.2.2 Filing/Record Management System

- (a) Procurement Unit has a general responsibility for maintaining Procurement Files and Contract Registers. Records and files can be kept in electronic and/or paper-based format, as long as the information contained within is kept confidential within the Procurement Unit.
- (b) Responsibility for the official maintenance of record files, authority to access files, and co-ordination of management and follow-up actions must be clearly defined in each Procurement Unit to provide an audit trail and to avoid:
  - (i) partial and incomplete records being held by several different sections and individuals.
  - (ii) unauthorized access to records; and

- (iii) failure to take any necessary action at the right time.

### 9.2.3 Procurement Unit Records Management

All documents regarding a particular procurement case shall be kept for future reference and monitoring and control purposes. The recommended filing structure for a procurement dossier is divided into four main categories to include the following documentation where applicable:

- (a) Correspondence:
  - Original Request from Originating Officer.
  - Correspondence with Originating Officer.
  - Correspondence with Suppliers.
  - Internal Correspondence within the Procurement Unit.
- (b) Bidding Process
  - Request for Expressions of Interest or Prequalification.
  - Shortlist or Advertisement.
  - Bidding documents and Specifications/Terms of Reference.
  - Correspondence with Bidders.
  - Record of pre-bidding meetings or site visits
  - Tenders, Quotations or Pro-forma invoices received.
  - Bid opening records.
  - Copies of Bid Securities.
  - Evaluation Report.
  - Minutes of negotiations
  - Submission to the relevant authority& Minutes of decisions.
- (c) Order & Delivery
  - Notice of Contract Award and publication.
  - Contract/Purchase Order & Acknowledgement of receipt.
  - Delivery Documentation.
  - Inspection and Acceptance Reports
  - After sales warranty and performance claims.
- (d) Finance

- Copy Invoices or Certificates.
- Record of Retentions and release, where appropriate.
- Performance Security and release.
- Copy of advance payment guarantee

### 9.3. Monitoring and Evaluation

Procurement monitoring and evaluation is a process that must be routinely conducted by the **(Ewryoca)**. to:

- (i) ensure that procurements are within the annual procurement plan.
- (ii) identify weaknesses and delays in the procurement process.
- (iii) compare prices against market standards.
- (iv) identify the scale and values of common use items that may benefit from the introduction of framework contracts.
- (v) identify regular procurements of identical items which may indicate that requirements have been split to avoid an approval threshold or a procurement procedure.
- (vi) assess performance of Procurement Units, Executive Director, and Procurement committee (PC).
- (vii) assess performance of suppliers, contractors and consultants; and to
- (viii) identify any necessary remedial action.

#### 9.3.1 Sources of Information

- (a) The Procurement Unit will prepare an Annual Procurement Report for the Financial Year analysing the Entity's procurement activity by categories, volumes and values, and reporting on specific issues, failings and successes in performance.
- (b) Procurement monitoring and evaluation information is obtained from:
  - i. Annual Reports of Procurement from Procurement committee (PC).
  - ii. Monthly status of Purchase Orders.
  - iii. Report of Executive Director meetings
  - iv. Regular meetings with stakeholders.
  - v. Reports of the Directorate of Internal Audit.
  - vi. Reports on any specialist external procurement audits.
  - vii. Bidder and supplier complaints made to the **(Ewryoca)**..
  - viii. Routine sampling of Procurement Dossiers for individual procurements.
  - ix. Procurement Dossier for any procurement which appears to deviate from compliance with the Regulations.

#### 9.4. Procurement Reporting

- (a) To ensure that full information for all activities can be incorporated into the Annual Report, Procurement unit is required to submit an annual summary report to the resource management Directorate and executive director of all contracts entered into during the year.
- (b) The report should be sent to the Procurement Unit within 30 days of the end of each financial year to include for each procurement:
  - (i) Reference Number (Purchase Order Number or other reference);
  - (ii) Subject of Procurement.
  - (iii) Name of Supplier/Contractor.
  - (iv) Source of Funds
  - (v) Date of Contract Award.
  - (vi) Contract Value in Birr.

#### 10 Entry into force

This Manual revision-2 entered into force on \_\_\_\_\_.



# Annexes

## 1) ANNEX I: THRESHOLDS

| S# | Position                      | Maximum Limit of Authorization level in Birr |
|----|-------------------------------|--|
| 1  | Project Coordinator           | Up to 50,000.00 (Fifty Thousand)             |
| 2  | Zonal Managers                | Up to 100,000.00 (Hundred Thousand)          |
| 3  | Director Resources Management | Up to 500,000.00 (Five Hundred Thousand)     |
| 4  | Deputy Director               | Up to 2,000,000 (Two Million Birr)           |
| 5  | Executive Director            | Up to 10,000,000 (Ten million)               |
| 6  | Board                         | Above 10,000,000                             |

| Threshold to Select Type of Competition and Method of Selection |   |                       |
|---|---|-----------------------|
| Threshold   | Type of Competition   | Appropriate Method    |
| Up to USD 2,000   | Non-competitive or limited competition  | Direct Selection /RFQ |
| Above USD2,000-100,000  | Open or Limited Competition   | RFQ/RFB/RFP*          |
| Above 100,000   | Open Competition (Limited or non-competitive may apply where there is sufficient justification) | RFP/RFB               |

### **RECORD OF BID OPENING FOR GOODS & WORKS**

Financing no.:

Project Title:

ICB (or NCB) Package no.:

Contract Title:

Venue of opening of bids:

1. **Bids received before deadline.** The following bids were received by the closing deadline on \_\_\_\_\_ at \_\_\_\_ hrs. and were publicly opened and announced at \_\_\_\_ hrs. on the same date as indicated in the bidding document.

| Bid No | Name of Bidder(s) and address | Entity (Single or JV) In case of JV, JV Agreement is attached (Yes or No) | Read-out Bid Price(s) (per lot if applicable) |               | Discount(s) (if any) | Bid Security Amount and Validity (or Bid Securing Declaration) | Cash Credit Line Amount (if applicable) | Life-Cycle Costing (if applicable) | Functional Guarantees (if applicable) | Remarks | Signature(s) of Bidder(s) Designated Representative(s) |
|--------|-------------------------------|---|---|---------------|----------------------|--|---|------------------------------------|---------------------------------------|---------|--|
|        |                               |   | Amount(s)                                     | Currency(ies) |                      |  |   |                                    |                                       |         |  |
|        | <b>Lot no. 1</b>              |   |   |               |                      |  |   |                                    |                                       |         |  |
| 1      |                               |   |   |               |                      |  |   |                                    |                                       |         |  |

2. **Late bids.** The following bids were received **after the deadline for submission of bids**. These bids are declared late, rejected, and returned unopened to the bidder.

| Bid No | Name of Late Bidder | Date / Time of bid submission | Name, Designation and Signature of Bidder(s) Representative(s) |
|--------|---------------------|-------------------------------|--|
| 1      |                     |                               |  |

3. **Bidder's representatives.** The following Bidders' representatives attended the public opening of bid.

| No | Representative (Printed Name) | Designation | Bidder (Firm/JV/Agent) |
|----|-------------------------------|-------------|------------------------|
| 1  |                               |             |                        |

4. Matters transpiring during the opening of bids: ***[any withdrawals, substitutions, modifications, complaints received, and/or clarifications made or announced by the bid opening committee should be recorded]***

5. Reading and signing of documents ended at \_\_\_\_\_hrs.

\_\_\_\_\_  
**Signatures of Bid Opening Committee Members**

## RECORD OF TECHNICAL PROPOSAL OPENING FOR CONSULTING SERVICES

Financing No.:

Project Title:

Contract No.:

Contract Title:

Venue of opening of Technical Proposals

1. **Proposals received before deadline.** The following proposals were received by the closing deadline on \_\_\_\_ at \_\_\_\_ hrs. and were publicly opened and announced at \_\_\_\_ hrs. on the same date as indicated in the RFP.

| Proposal | Firm Name<br><i>[In case of a Joint Venture, the name of the Joint Venture, the name of the lead member and the names and the countries of all members]</i> | Country of Origin | Technical Proposal | Financial Proposal separate and sealed? (Yes/No) | Remarks | Signature of Consultant's Representative(s) |
|----------|---|-------------------|--------------------|--|---------|---|
| 1        |   |                   |                    |  |         |   |

2. **Late proposals.** The following proposals were received after the deadline **for submission of proposals**. These proposals are declared late, rejected, and returned unopened to the firms.

| Bid No | Name of Late Consultant Firm | Date / Time of submission | Name, Designation and Signature of Consultant Firm Representative(s) |
|--------|------------------------------|---------------------------|--|
| 1      |                              |                           |  |

3. The following consultant firms' representatives attended the public opening of technical proposals:

| No | Name of Consultant | Representative's name | Designation |
|----|--------------------|-----------------------|-------------|
| 1  |                    |                       |             |

4. Matters transpiring during the opening of proposals: ***[any modifications, envelopes with the financial proposal not sealed, complaints received, and/or clarifications made or announced by the proposal opening committee should be recorded]***

5. Reading and signing of documents ended at \_\_\_\_ hrs.

\_\_\_\_\_  
Signature of Technical Proposal Opening  
Committee Members

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## RECORD OF FINANCIAL PROPOSAL OPENING FOR CONSULTING SERVICES

Financing No.:

Contract No.:

Venue of opening of Financial Proposals:

Project Title:

Contract Title:

Date and source of exchange rate:

1. The following financial proposals were publicly opened and announced at \_\_\_\_ hrs. on the same date as indicated in RFP.

| Proposal | Consultant Entity | Country of Origin | Total Technical Score | Total Price Read Out (FIN-1) |               | Remarks | Signature of Consultant's Representative |
|----------|-------------------|-------------------|-----------------------|------------------------------|---------------|---------|--|
|          |                   |                   |                       | Amount(s)                    | Currency(ies) |         |  |
| 1        |                   |                   |                       |                              |               |         |  |
| 2        |                   |                   |                       |                              |               |         |  |

2. Attendance at opening of Financial Proposals:

| No | Name of Consultant | Representative's name | Designation |
|----|--------------------|-----------------------|-------------|
| 1  |                    |                       |             |
| 2  |                    |                       |             |

3. Matters transpiring during the opening of financial proposals: ***[If financial proposal not found sealed and unopened should be recorded]***

4. Reading and signing of documents ended at \_\_\_\_ hrs.

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**Signature of Financial Proposal Opening  
Committee Members**