



**AfricaRice**

**AFRICA RICE CENTER  
PROCUREMENT PROCEDURES  
MANUAL**

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Approved by: EMC**

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## **CHAPTER 1: INTRODUCTION**

“Procurement is defined as the process undertaken by the organizational unit that, either as a function or as part of an integrated supply chain, is responsible for procuring or assisting users to procure, in the most efficient manner, required supplies at the right time, quality, quantity and price and the Management of Suppliers”. (Lysons & Farrington)

AfricaRice’s procurement activities for goods, works and services will generally comply with the CGIAR Financial Guideline No 6 Procurement of Goods, Works and Services and the best practices on Code of Conduct and Ethical Practices. The correct materials/services of the best quality shall be obtained based on the principles of transparency, competitive and fair pricing, value for money, timely delivery and accountability.

### **1. Purpose of the Procurement manual**

The purpose of this Procurement manual is intended to:

- provide its users with clear, concise, and accurate information on the public procurement of goods and services by stating the steps that need to be taken to effect such procurement,
- ensure that expenditure with external suppliers for the supply of goods and services to the Centre will be sufficiently controlled using procedures that are consistent throughout the Centre.

### **2. Basics Principles governing Procurement activities**

The following main principles underlie proficient procurement:

- a) Economy and efficiency to achieve quality, cost effectiveness and timely delivery in procurement,
- b) Equitable, fair and open competition giving all eligible/qualified bidders an opportunity to participate,
- c) Accountability and cost-effective use of funds,
- d) Transparency of procurement process,
- e) Value for Money.

#### **2.1 Efficiency, Effectiveness and Economy**

Procurement staff must demonstrate efficiency and economy in undertaking procurement activities in order to avoid delays and to achieve value for money.

Also Procurement must be well -organised, carried out correctly with regards to quality, quantity, timelines and at optimum price in accordance with the appropriate guidelines, principles and regulations.

Processes must be proportionate to the procurement activity, so that the overall cost of conducting the procurement process is minimized and tailored to the size of the budget of the activity being undertaken while upholding the guiding principles.

Efficiency can be obtained through a combination of methods. For instance, a strategic approach can be taken to planning, combining and conducting procurement activities to minimize loss of time and resources.

## **2.2 Competition**

Full, fair, and legitimate competition among eligible suppliers and contractors is the foundation on which procurement activities should be based.

The most common method of seeking competition is through a competitive bidding process involving at least three separate suppliers whose business is directly related to the procurement being undertaken. Therefore, Procurement staff are expected to promote genuine competition at every opportunity and may be required to provide evidence of:

- Fair and genuine competition in the compilation of shortlists and in the solicitation of bids, and
- The effectiveness of competition during the bidding process.

AfricaRice must ensure that all prospective bidders are:

- Managed with a consistent approach and application of laws, regulations and requirements in respect of the procurement process,
- Offered a level playing field on which to genuinely compete, and,
- Treated in a fair, impartial and unbiased way, so that principles of impartiality and equal opportunity can be demonstrated in all procurement activities.

In striving for fairness in its procurement operations, AfricaRice will not tolerate exclusion of, discrimination, bias, or prejudice against, or favouritism or inequality towards any potential supplier or contractor, either directly or indirectly through manipulation of any part of the procurement process, including, but not limited to, the preparation of technical specifications, evaluation criteria or bidding requirements. Where any such activity is suspected or proven, AfricaRice may take any preventive, corrective or punitive action and will seek to address any impositions that may deter or impinge on the attainment of fairness within the procurement process.

## **2.3 Accountability**

AfricaRice is accountable to its funders or partners for all actions and decisions in relation to project-funded procurement.

This includes, but is not limited to:

- Ensuring that the funds are used solely for the purpose for which they were provided,
- And also ensuring that procurement is undertaken in accordance with funder requirements.

## **2.4 Transparency**

AfricaRice expects the highest degree of transparency and openness within all procurement processes undertaken in the Institution. A lack of transparency can be perceived as an attempt to withhold information, which in turn may make the fairness and integrity of the procurement process suspect.

Transparency within procurement relates to disclosing, in the public domain, information for parties involved, interested in or affected by the process, including but not limited to information on:

- The availability of potential and existing procurement opportunities,
- Where to access relevant data,
- The processes by which the procurement is being undertaken,
- The mechanisms by which contracts will be awarded,
- Contract award data,
- and Appeal procedures.

Modes of communication/publication of such information will vary depending on the nature of the data but will generally be through existing means of public information (e.g., government websites, public notice boards or media) or in the procurement documentation relevant to an individual procurement activity (e.g. bid notices and bidding documents).

## **2.5 Value for money**

Underpinning all the above is the need to obtain value for money for all procurement activities through the optimum combination of several factors, including:

- Applying sound, internationally recognized procurement principles,
- Ensuring that the goods, works or services procured meet the requirements for the task and are not over specified,
- Ensuring that the goods, works or services are contracted on the best possible terms, taking into account their expected life cycle,
- And ensuring that the provider/supplier of the goods, works or services is qualified, legally entitled and competent to execute the contract.

Best value does not necessarily mean the lowest initial price option, but rather represents the best return on investment, taking into consideration the unique and specific circumstances of each procurement activity; the balance of time, cost and quality required; and the successful overall outcome of the contract in meeting its original objectives.

## **3. Procurement at AfricaRice**

In AfricaRice context, Procurement is coordinated by the Procurement Unit at Headquarter (HQ) in Cote d'Ivoire, but the function occurs in any Station where someone delegated to this role, is responsible to ensure that the Procurement and Finance procedures are respected.

The role of the Procurement and Supply Unit (PSU) at the HQ is to supply goods and services to AfricaRice and also to advise, guide and assist the Procurement Officers (where it exists) at the Stations with their purchases.

The Procurement unit at the HQ and at the Station should complement each other. Each Procurement Unit staff should take into consideration the requirements of the organization and respect AfricaRice's mandate, programs/projects as well as its local market.

### **3.1 Procurement Unit duties and responsibilities**

The Procurement Unit both at HQ and Stations will perform the following duties:

- Prepare consolidated procurement plans,
- Maintain and update annually standing lists of registered suppliers,
- Prepare, publish and issue procurement and disposal opportunities including invitations to tender/requests for proposal, prequalification documents and invitations for expressions of interest to suppliers,
- Act as a secretariat to the procurement process,
- Maintain and safeguard procurement and disposal documents and records,
- Co-ordinate the evaluation of tenders, quotations and proposals,
- Prepare contract documents, in line with the award decision,
- Prepare and issue rejection and debriefing letters,
- Monitor contract management to ensure implementation of contracts in accordance with the terms and conditions,
- Advise departments/units on aggregation of procurement to promote economies of scale
- Co-ordinate internal monitoring and evaluation of the procurement function,
- Carry out periodic supply market analysis,
- Initiate payment request of suppliers' invoices and follow-up on the payment with Finance Unit,
- Verify that the available stock levels warrant initiating a procurement process,
- Disposal of used, surplus, and obsolete vehicle property, goods and scrap.

### **3.2 Specific Responsibilities and Functions of Procurement Offices**

#### **3.2.1 Responsibilities of Procurement Unit at the HQ**

- The Procurement unit at the HQ is responsible for both local and international Procurement,
- The responsibility for purchasing and shipping of supplies, goods and services from international vendors for all units both in the stations and Cote d'Ivoire shall be centralized, and handled by the Procurement Unit at The HQ,
- There is no financial limit to the authority of Procurement Unit at the HQ,
- The Procurement Unit at The HQ define the Center's Procurement strategy.

- The Procurement Unit at The HQ also reviews the selection process followed at the stations for local procurement of Goods of services of more than **10,000 USD or as indicated in the Threshold.**

### **3.3 Responsibilities of Procurement section in stations**

The Procurement section at the station:

- is responsible for local procurement only,
- should obtain approval from the HQ for all local purchases of more than 10,000 USD,
- should seek guidance and help from Procurement section at the HQ when needed.

## **4. Procedure for Review and Update this manual**

The procurement procedures are prudent commercial practices and represent how AfricaRice conducts itself in the marketplace and shall be used by all stakeholders in the Procurement and supply chain management process. Any deviations from these established procedures must be explicitly approved by the **Director General**. As AfricaRice continues to expand its activities, the procurement will be under constant review to ensure it is updated as necessary due to both donor and organizational requirements, including those for effective internal control.

As and when AfricaRice modifies these procedures, justifications that explain the changes will be sent to the Executive Management Committee (EMC) for review and endorsement. The procurement policies and procedures manual will be reviewed every **five years** or as and when a need arises.

## CHAPTER 2: PROCUREMENT INTEGRITY AND TRANSPARENCY

### 1. Ethics in Procurement

AfricaRice is an international organization member of a Consortium of 15 agricultural research centers which enjoys an excellent reputation. As a stakeholder of the Center's supply chain, which carries out a noble mission in a complex and risky environment, you are constantly in all your activities the representative of the Center. On this basis, it is extremely important to be aware of the standards that must be respected to maintain and promote a positive image of the organization and also that AfricaRice globally manages its resources in a responsible and transparent manner. In accordance with its principles and values of transparency and fair competitiveness in the Procurement management, Procurement Unit staffs and those involved in the selection process of AfricaRice providers/suppliers must adhere to strict professional standards and attitudes that ensure highest level of ethics.

AfricaRice recognizes that corruption is not uncommon in commercial life. As such, any improper approaches, in the form of inducements or threats, must be reported even if the incidents are made sufficiently ambiguous to allow an innocent interpretation.

Any AfricaRice staff involved in procurement activities must observe behavioral rules ensuring the following conditions:

- Competence of supplier – a supplier or service provider shall not be selected for any other motive than his/her capacity to satisfy the Center needs. The principles of fairness and equality are a priority in the treatment of submissions of bids, and the rationale for choice must be stated in clear and unambiguous terms,
- Staffs' compensation – No goods or services in the form of compensation or favor from any supplier or service provider other than those covered by the contract signed with AfricaRice shall be accepted or offered,
- Personal benefits – Never use one's position to gain personal gain (commissions, rebates and other forms of bribery) and never be in a position of accountability to someone with whom AfricaRice has commercial links at the risk of influencing decisions in favor of the person / structure,
- Integrity and exemplarity – procurement process stakeholders must permanently behave in a way to avoid any suspicion with regards to fraudulent or corrupt conduct.

### 2. Confidentiality

Procurement-related information is considered confidential. This includes any documentation or information that is part of the procurement process, which is not publicly available, and where any disclosure of the documentation or information could:

- place a Vendor or AfricaRice at a disadvantage,
- provide an unfair advantage to a Vendor, or
- adversely reflect upon AfricaRice's reputation and integrity.

Procurement Unit staffs shall not allow any Vendor access, to information on a particular acquisition before such information is available to the business community at large. Staff should not disclose any proprietary or Source Selection information, directly or indirectly, to any person other than a person authorized to receive such information. Disclosure of procurement-related confidential information should not occur, as it may seriously jeopardize the competitiveness of procurement, the principle of fairness, and AfricaRice's credibility.

### **3. Gifts, Hospitality, and Other Inducements**

No employee of AfricaRice may solicit or receive any gift or other consideration from any person or body with whom they deal as part of their official duties, as an inducement or reward for doing or refraining from doing anything or showing favor or disfavor to any person or firm in their official capacity. Gifts and other considerations are deemed to be corrupt practices unless it can be proved otherwise.

**Only promotional items bearing the logo of the Provider/supplier such as pens, desk diary, mugs, calendars, may be accepted from actual or potential suppliers.**

All staff members involved in procurement shall decline offers of gifts, including drinks, meals, tickets, hospitality, transportation, or any other form of benefits, even if it is in association with an "official working visit". Any gifts other than those mentioned above must be returned by the recipient and the Vendor must be informed that AfricaRice procurement staff are not allowed to accept gifts. Suppliers who persist in making such offers should be made aware that AfricaRice will cease to deal with them. In this regard, provisions have been included into the Supplier Code of Conduct.

In the event of any question regarding the application of the restrictions set forth above, the matter shall be brought to the attention of the **Director General**.

### **4. Conflict of Interest**

#### **4.1 Definition of Conflict of Interest**

Each AfricaRice staff, especially those involved in procurement activities must avoid and denounce any situation of conflict of interest.

The Conflict of interest policy developed by AfricaRice in 2008 can be found [here](#).

Therefore, Staffs are prohibited from any involvement in a procurement action with a Vendor in which they have a financial interest.

#### **4.2 Denunciating conflicts of interest**

Each staff must disclose to the **Director General** any real or potential conflict of interest as soon as possible after being aware of the conflict by filling the form presented in Appendix 1 of the **2008 approved conflict of interest policy**.

Suppliers and Service providers should also be encouraged to disclose any situation that may appear as a conflict of interest and disclose to AfricaRice if any of its staff member may have an

interest of any kind in the supplier's business or any kind of economic ties with the supplier. In this regard, provisions have also been included into the Supplier Code of Conduct. The Supplier conflict of interest disclosure form (see **Annex B**) should be filled by all suppliers before registration.

## 5. Whistleblowing

All AfricaRice procurement staff must abide by the [AfricaRice Whistleblowing policy developed in 2008](#).

AfricaRice's whistleblowing policy is implemented to address situations that may have potential detrimental or serious consequences for the organization, its staff or other partners and to strengthen AfricaRice's ability to promote accountability, assure scientific quality and integrity, and provide a safe, fair and rewarding working environment. Therefore, Employees who have evidence or information or have reason to suspect that fraud, violations of research ethics, or other abuse of AfricaRice's principles and standards are being committed, are expected to bring such information to the notice of immediate supervisors. In the event that supervisors are unable or unwilling to address these concerns or for other reasons it is inappropriate to bring the matter to their attention, employees should use the procedures outlined in the policy.

The procedures provide for the submission, treatment, and feedback of complaints and concerns regarding suspected irregularities or fraud in matters of procurement, accounting, auditing, scientific ethics, treatment of staff or other areas in which abuse of AfricaRice policy or procedures might be noted. It provides for employees making confidential, anonymous submissions as well as identifying themselves and their concerns.

In the same way procurement staff can bring evidence or information about any fraud or abuse to AfricaRice's principles and standards, vendors shall also be given the opportunity to disclose any suspected malpractice such as: Conduct which is an offence or a breach of the law, conduct that the supplier believes to be a significant breach of a contract with AfricaRice, harassment, possible fraud, bribery or corruption, neglect or abuse of suppliers, other unethical or improper conduct.

Vendors can raise a concern about the above malpractice by writing a letter or an email addressed to the Director General at the following address:

**AfricaRice**  
**Director General's office**  
**01 BP 4029 Abidjan**  
**Email: [africarice@cgiar.org](mailto:africarice@cgiar.org)**

All formal complaints submitted by suppliers will be investigated in a fair and timely manner through an Internal Audit Committee chaired by the Internal Auditor.

The complainant should be informed of the disposition of the complaint by the Internal Auditor in the event that the submission was not made anonymously. The person(s) responsible for the situation being investigated will be also notified by management of the required corrective action. Provisions about Whistleblowing will be included in the Supplier Code of Conduct.

## 6. Corrupt, Fraudulent and Unethical practices

1. Corruption may occur at any stage in the acquisition process (budget, procurement, contract management, etc.), either with the knowledge and consent of at least some parties in the Organization or through well-concealed initiatives by a Vendor acting alone. AfricaRice shall communicate to suppliers during the registration phase, in the Solicitation Documents and in the Contract documents that all AfricaRice suppliers shall adhere to the highest ethical standards, both during the bidding process and throughout the execution of a Contract. A “corrupt practice” refers to the offering, giving, receiving or soliciting (directly or indirectly) of anything of value to improperly influence the actions of another person. Corruption in the procurement process generally involves a fraudulent act such as bribery or a kickback.

The list of definitions set forth below indicates the most common types of corrupt practices, but is not exhaustive:

- a. “Fraudulent practice” or “fraud” means a misrepresentation of facts in order to influence a procurement or selection process or the execution of a contract to the detriment of a person(s), and includes collusive practices among bidders or consultants (prior to the submission of bids or proposals) designed to establish prices at artificial, non-competitive levels and to deprive other parties, including the organization of the benefits of free and open competition.
- b. “Corrupt practice” or “corruption” means the offering, giving, receiving or soliciting, directly or indirectly, of anything of value to influence the actions of another party in the procurement or selection process or in contract execution.
- c. “Unethical Practice” means conduct that violates the provisions of gifts and hospitality policy, conflict of interest policy and Supplier Code of Conduct.
- d. “Bribery”: the act of unduly offering, giving, receiving or soliciting anything of value to influence the process of procuring goods, services or works, or executing Contracts.
- e. “Extortion” or “Coercion”: the act of attempting to influence the process of procuring goods, services or works, or executing Contracts by means of threats of injury to person, property or reputation.
- f. “Collusion” or “Bid Rigging”: a scheme or arrangement between two or more Vendors, with or without the knowledge of AfricaRice, designed to establish prices at artificially non-competitive levels. Common schemes of collusion are:
  - i. Bid suppression: one or more Vendors who otherwise would be expected to bid, or who have previously bid, agree to refrain from bidding or withdraw a previously submitted Bid so that the designated winning competitor’s Bid will be accepted,
  - ii. Complementary bidding: an agreement by Vendors whereby at least one of them agrees to submit a Bid that is either too high to be accepted or contains special terms and conditions that will not be acceptable by AfricaRice,
  - iii. Bid rotation: Vendors submit Bids but agree to take turns being the low Bidder,
  - iv. Subcontracting: Vendors agree not to bid or to submit a losing Bid in exchange for subcontracts from the successful Bidder,
  - v. Market division: Vendors divide markets among themselves allocating specific customers, products or territories to themselves.

2. AfricaRice has adopted policies and standards for Vendors, along with sanctions to reduce the risk that Vendors will engage in corrupt practices in the procurement process. The Supplier Code of Conduct informs Vendors that they may not engage in corrupt practices; they must disclose any situation that may appear to be a conflict of interest.
3. AfricaRice Staff members should be vigilant to the risks of corrupt practices and manage the procurement process to mitigate such risks. They should be familiar with potential warning signs of corrupt practices and strengthen internal controls, where needed.
4. Reporting misconduct or corruption or other unethical practices. Any staff member, consultant or other Contractor, or other individual involved in the procurement process who becomes aware of any misconduct or wrongdoing, including fraud or other corruption, shall promptly report it.

## 7. Debarment of Firms

A firm shall be debarred from doing business with AfricaRice:

- a) If the firm has, in the past three years, been debarred by any national government or the World Bank Group or United Nations,
- b) If the firm is involved in “fraudulent practice” or “corrupt practice”,
- c) If in the performance of a contract, the firm was engaged in illegal or unethical practices,
- d) If there is a consistent failure in the performance of contracts over the last two years,
- e) If the firm fails to comply with Center procurement guidelines and procedures.

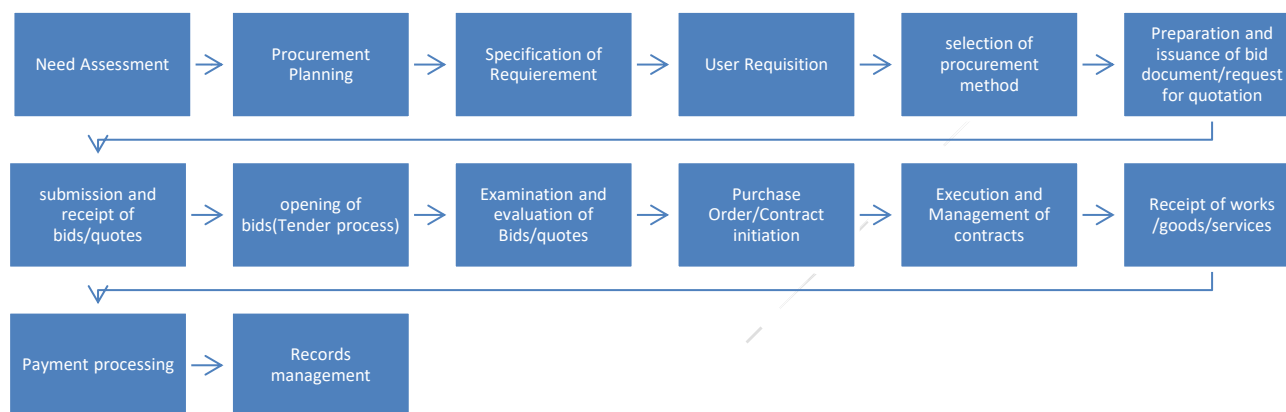
The period of suspension of firm depends upon the gravity of each case.

Under specific contractual agreements subject to the procurement rules of a donor, the donor’s list of debarred firms will be given precedence.

## CHAPTER 3: PROCUREMENT PROCESS OVERVIEW: PRE-CONTRACT ACTIVITIES

### 1. Overview of the procurement process

A generic procurement process comprises all the procurement activities that typically take place from the initial identification of a need to the final satisfaction of that need in a simplified chronological sequence. It is possible to view procurement activity as a “cycle” or continuous loop. Below are the activities that made up a procurement cycle



The procurement cycle is comprised of both Pre-contract award stages and Post-contract award stages.

Pre-contract award stages are concerned with all activities executed before Contract or Purchase Order initiation whereas Post-contract stages are related to all activities executed after the Contract or Purchase Order initiation.

### 2. Need assessment

Before any procurement transaction can begin there must be a need and this need must be notified to the Procurement unit.

The Procurement Unit may also assist the user departments in identifying and quantifying which goods and/or services are needed to support their needs in a calendar year.

### 3. Procurement Planning

Sound planning and co-ordination of procurement is an important basis for an economic and efficient procurement. It involves a series of tasks performed by Procurement unit. These include working with user departments to forecast procurement requirements in different areas; determination of efficient procurement methods in each case; preparation of schedules for timely

deliveries; managing the procurement process according to such schedules; co-ordination within and outside the Center during the process; and maintaining an optimal logistical administration.

Therefore, user departments and Procurement unit must begin to communicate to each other early in the planning process while maintaining their separate roles.

Due to a long lead time in procurement process, forward planning is a key to optimize the acquisition of goods and services.

Below are the different types of planning:

### **3.1 Short-term planning**

User department shall perform short-term planning, which focuses on the then-current budgetary period. In order to ensure that AfricaRice obtains high quality goods, services and works at competitive prices, and within the time frame required, user department shall, to the extent possible, ensure the optimal use of funds throughout the budgetary period.

The user department shall, to the extent possible, avoid last minute Requisitions, especially at the end of the budgetary period, as this may hamper the ability of AfricaRice to ensure a transparent, open, efficient and timely procurement process.

### **3.2 Long term planning**

User department shall perform long-term planning, covering at least the remainder of the then-current budgetary period and the forthcoming budgetary period, in order to ensure procurement on the best terms for AfricaRice. Long-term planning will also demonstrate that the Centre manages its funds in a professional manner and for its best interest.

### **3.3 Annual planning**

User department and Procurement Unit shall communicate, and, to the extent feasible, meet on an annual basis to set up spending plans, including Acquisition Plans, for the forthcoming budgetary period(s). Such planning shall, to the extent possible, be used to obtain economies of scale and other benefits for the Centre.

### **3.4 Annual Procurement Plan Preparation**

During the last quarter of each year, to the maximum extent possible, BUS Managers should assess their needs for the coming year. Based on this, the procurement unit prepares a procurement plan with budgetary estimates and schedule for the Center. This plan should include all procurements – replacements, new purchases and capital investments.

The Procurement Unit is responsible for issuing detailed instructions to the BUS Managers on the format and content of submission for the procurement plan: the form in Annex C may be used for the preparation of procurement plan.

The following elements should be considered from the onset when planning:

- a) The need to be addressed,
- b) Funding and estimated budget/value,
- c) Type of procurement (goods, works, service),
- d) Review and approval process,
- e) An indication of items that can be aggregated for procurement as a single package,
- f) Details of any committed or planned procurement expenditure under existing multi-year contracts (if applicable),
- g) Timelines for critical stages of the delivery or implementation programme.

**Process to be followed – Consolidated Annual Planning – Procurement Unit and Bus Managers**

**Bus Managers Actions**

- Submit the annual procurement plan to the Procurement Unit, identifying all proposed procurements for the new financial year by quantity and cost.
- Review previous procurement plans to determine if any planned procurements need to be carried forward into the next financial year.
- Submit the complete schedule to Procurement Unit for review and action
- Respond to any queries raised by the Procurement Unit on requirements included in the plan.
- Receive notification of the final approved annual procurement plan and use this as an essential guideline for all procurement processes undertaken in the new financial year

**Procurement Unit Actions**

- Receive submissions, check quantities and costing, obtain clarifications and other responses to any queries, analyze and compile all submissions into a comprehensive procurement plan.
- Requirements should then be separated in terms of goods, works & services
- Indicate the right Procurement method
- Review the estimated timetable for each requirement
- Submit the adjusted plan to the Director of Finance and Corporate Services for approval.
- Notify individual Bus Managers of the approved consolidated annual procurement plan.

**Record Keeping**

- Keep a copy of the approved procurement plan.

**It is important to note that the Preparation of Annual consolidated procurement plan is subject to the Center Financial Situation.**

### **3.5 Procurement Plan completion**

The Procurement Manager will complete the procurement template with realistic lead-time deadlines, taking cognizance of:

- a) Administrative activities ,
- b) Tendering and evaluation,
- c) Approvals,

- d) Contract documents and award ,
- e) Contract completion.

### **3.6 Monitoring and updating of Procurement Plan**

The Approved procurement plan will be regularly monitored and updated by the Procurement Manager. The essence is to see how actual performance compares with the planned activities and to make changes in the plan if necessary.

The status of completion of the approved Procurement Plan will be submitted to the Director of Finance and Corporate Services.

## **4. Specification of Requirements/Terms of Reference**

Specifications/Terms of Reference may be drawn by:

- a) The user of the product or service,
- b) The Procurement Unit staff,
- c) Other stakeholders, depending on the needs.

A specification defines what the user department/requestor wants to buy and what the supplier is required to provide. An effective specification contains detail to ensure that the supplier fully understands the requirements. The success of the procurement activity relies on the specification being an accurate statement of the requestor's requirements.

The description of requirements or specification is a key document to be used throughout the procurement process. It is therefore used to:

- Inform the Procurement Unit what the end user needs to purchase,
- Inform bidders of the requirements through inclusion in the bidding document or request for quote,
- Provide the technical standard against which tenders/quotes are evaluated,
- Form part of the contract, defining the goods to be supplied, and
- Set the technical standard against which the goods supplied can be inspected, prior to acceptance.

Specifications are used normally for procuring goods or works. Specifications must fully and completely state the requirements.

They should be **generic (Neutral)** in nature to maximize competition. The specifications may be stated as a "hybrid" or combination of one or more of the following types:

- **Functional:** This defines the function or duty to be performed. This concentrates on what a product is to do. This type of approach is less interested in materials and dimensions.
- **Performance:** This concentrates on the performance required of an item. To assure the quality, make a reference to the concerned product standards (International i.e. ISO or National) and environmental requirements such as energy-star rating.
- **Design:** Defines exact details of a good i.e. the physical attributes, materials to be used, power input and output etc. Where specifications require the use of drawings, blue prints or white papers, all dimensions stated should utilize the metric system.

- **Brand or Trade name:** Use of brand names or similar references must be avoided. If it is necessary to cite a brand name, the words “or equal” shall be included e.g. HP Compaq computer or equal. The term “or equal” means that the desired product is of comparable quality and or capable of performing the intended function.
- **Sample:** When the above mentioned methods to describe a good are not feasible, samples may be used to facilitate the procurement of goods.

In general, specifications should list only the “salient” characteristics of the desired product – those bare, minimum requirements deemed to be “important”. Avoid frivolous requirements and luxury features unless there is a valid business case for these.

The preference is to avoid altogether the use of brand names in specifications. Also avoid requirements which exceed the basic needs, e.g., in the case of a project, avoid specifying a 10 year warranty when the project life is expected to be only 3 years. The items procured should provide the “best value” for the money spent.

Additional factors to consider in specifications for goods by Procurement Unit include:

- **Service and Warranty:** Equipment to be purchased may require local servicing and maintenance. For kinds of equipment which are likely to require servicing, specifications should include a requirement for a local manufacturer’s dealer for servicing, maintenance and warranty obligations. Also, where local warranty support may be available, specifications should include a requirement for a warranty valid in the country where the equipment will be used.
- **Training:** If training is required, the language of instruction must be specified, as well as the number of trainees, the length of training, and the skill level of the people requiring training. If the supplier will be required to provide the training facility this should be mentioned. Installation of certain types of equipment may also require training sessions and training manuals.
- **Metric Measurement:** Ensure the correct metric measurements are used.
- **Electrical Characteristics:** Of particular importance are electrical requirements, e.g., voltage (110, 120, 220, 230, 240, 360, or 480), number of phases (one or three), cycles/second or “Hertz” (50Hz or 60Hz) and electrical plugs.
- **Manuals:** Manuals fall into several categories, including Installation, Operation and Maintenance. Specifications should clearly specify what language is required.
- **Spare Parts and Consumables:** For some equipment, such as motor vehicles, it may be desirable to specify a set of basic spare parts for a set period, e.g. one year’s operation or 15% of a vehicle’s value. The Terms of reference should state whether the local agent/dealer will be required to stock spare parts or whether AfricaRice will stock them: Who holds and supplies spare parts may have implications for the warranty of the equipment. Supply of sub-standard spare parts may not only invalidate any warranty claims but it may also reduce the operating/functional life of the equipment. The fact that there is a local dealer does not ensure that the dealer stocks parts for the particular model being purchased. If parts are required, Procurement Unit should include the requirement in both the bid document solicitation and the contract.

## 4.1 Processes in the Preparation of specifications

### 1) Procurement of goods

#### **Process to be followed when preparing Specification for Goods**

##### **User departments/Requestor**

- The user department will prepare the description of requirements. This normally starts with a general, summary description of the requirement e.g. 4WD vehicle or desktop computer.
- Prepare a complete list of the items required e.g. add spares parts or accessories if needed;
- Consider the purpose the goods are being purchased for and any special requirements e.g. for use off-road in mountainous terrain or to use desktop publishing programmes.
- Prepare a specification for each item required.
- Prepare the required delivery schedule.
- Send the description of requirements, along with the requisition, to the Procurement Unit.

N.B. Where it is the Procurement Unit which is initiating the purchase, Procurement Unit will prepare the specification or ask for the assistance of technical.

**Staff Involved in the Process:** The description of requirements for goods should be prepared by the end user.

However, in some cases, the end user should obtain additional technical advice from specialized technicians eg: A Desktop specification should be reviewed/provided by ICT Unit or a Vehicle specification should be provided by Facilities & Operations Unit.

The Procurement Unit may seek specialist technical assistance to refine the specification, if required and subject to the authorization of the Director General/or delegated authority in accordance to the existing threshold.

##### **Approvals Required:**

No specific approval of the description of requirements is required at this stage. However, the final description of requirements included in the bidding document will be reviewed by the DG/or delegated authority, when approving the tender document.

##### **Record-Keeping:**

A copy of the description of requirements must be attached to the requisition, which should be kept in the procurement file. The end user should also retain a copy of the requisition and description of requirements for reference and for progressing.

## 2) Procurement of Services

### Process to be followed when preparing Specification for Services

#### User departments/Requestor

- The preparation of the description of requirements will normally start with a general, summary description of the requirement e.g. cleaning services for AfricaRice headquarters or Printer maintenance service
- Prepare detailed terms of reference for the services
- Send the description of requirements, along with the requisition, to the Procurement Unit

#### Staff Involved

The description of requirements for services should be prepared by the end user, who should obtain additional technical advice if required. It is important that the recipient or manager of the services is involved in drafting or checking the description of requirements, as it must reflect the requirements of the intended contract.

#### Approvals Required:

No specific approval of the description of requirements is required at this stage. However, the final description of requirements included in the bidding or request for proposals document will be reviewed by the DG/or delegated authority in accordance to the existing threshold, when approving the invitation document.

#### Record-Keeping

A copy of the description of requirements must be attached to the requisition, which should be kept on the procurement file. The end user should also retain a copy of the requisition and description of requirements for reference and for progressing.

### 3) Procurement of Works

#### **Process to be followed when preparing Specification for Works**

##### **User departments**

- The preparation of the description of requirements will normally start with a general, summary description of the requirement e.g. construction of a laboratory. This will normally be developed into a design brief for the engineer.
- Prepare the drawings and specifications for the works.
- Prepare a bill of quantities or activity schedule as required.
- Prepare the required completion schedule.
- Prepare an overall Scope of Works, which will form the first part of the description of requirements.
- Send the description of requirements, along with the requisition, to the Procurement Unit

##### **Staff Involved:**

The description of requirements for works **must** be prepared by an engineer with appropriate technical qualifications and experience.

Where the expertise is not in-house, external technical advice should be sought. The end-user should consult the Procurement Unit, if necessary, on any procurement rules which apply to the description of requirements.

##### **Approvals Required:**

No specific approval of the description of requirements is required at this stage. However, the final description of requirements included in the bidding document will be reviewed by the DG/or delegated authority in accordance to the existing threshold, when approving the invitation document.

##### **Record-Keeping**

A copy of the description of requirements must be attached to the requisition form, which should be kept on the procurement file. The end user should also retain a copy of the requisition and description of requirements for reference and for progressing.

## 4.2 Standardization

Standardization is acceptable when identical goods, equipment, technology or works have recently been purchased from a supplier and it is determined that either a quantity of additional supplies must be procured or compatibility with existing goods, equipment or works is required.

## 5. User Requisition

This is the stage of the process that initiates an actual procurement.

A requisition must be raised by the User department either electronically in the Center's accounting System called One Corporate System (OCS) or manually, using a manual requisition form and forwarded to the Procurement Unit for the start of any procurement process.

It serves a number of purpose, including:

- Documenting the need for the goods, works or services required,
- Confirming the availability of funding, based on the estimated value of the procurement requirement,
- Confirming that the goods required are available in stock,
- Replenishment to maintain maximum or minimum stocks,
- Establishing the chain of responsibility for authorizing the procurement for purposes of pre- and post-procurement monitoring.

## 5.1 Process to follow when making a requisition

### **Process to be followed when making a Requisition**

#### **User departments**

The user department will complete a procurement requisition either manually or electronically, detailing as a minimum:

- The name of the end user raising the requisition and the contact name for queries;
- A list of the goods, works or services required, including quantities and units of measure;
- The estimated unit cost of each item, and the total cost of the quantities required;
- The location for delivery of the goods, works or services;
- The expected date or dates for delivery of the goods, works or services
- The budget code to be charged;

A detailed description of requirements or terms of references should be attached to the requisition.

#### **Budget availability**

The electronic or manual requisition should go through funds check, meaning that, Budget unit or OCS system confirms availability of funds before its submission to Procurement Unit.

#### **Technical review**

For certain goods and services, such as office technology, equipment etc... clearance should be obtained from the technical unit to ensure standardization at Center level

#### **Approvals Required:**

In case of a manual requisition, it must be signed by the requestor to certify that the goods, works, or services are required.

The requisition must be approved by:

- **The Budget Holder: when the estimated cost is 0-10000 USD**
- **The head of Department: when the estimated cost is over 10 000 USD and after being approved by the Budget Holder**

Approval of requisition provide the following certifications:

- availability of funding for the procurement requirement in the budget, based on the estimated value on the requisition;
- confirmation of the need for the goods, works or services listed on the requisition; and
- approval to proceed with the procurement process for those items

**N.B:** Procurement Unit should encourage requestors to raise their requisition in OCS system. Manual requisition should be accepted only when OCS is not yet in use in the outstation.

**Annex D** describes the process to follow when making a requisition in OCS

**Annex E** is a copy of a manual requisition

#### **Record-Keeping**

All requisition must be given a number either by OCS or Procurement Unit (manual requisition) to be used for procurement tracking and monitoring

Both The end user and Procurement Unit should keep a copy of the requisition for their records.

## 6. Procurement Methods

### 6.1 General

Experience has demonstrated that open competition to all eligible and qualified individuals, firms or entities, as appropriate, achieves the basic principles governing Procurement most effectively. Therefore, in procurement of services, goods and works, the first consideration should be given to open competition in determining the procurement method to be used by the Center. There are, however, cases where open competition would not be the most economic and efficient procurement, and other methods may be deemed necessary. Depending on the nature, size, value and delivery of procurement, the Center may use the appropriate method. The following paragraphs describe these procurement methods.

### 6.2 Petty Cash Purchases/Shopping

Method: 1	Minimum Requirements & Comments
<p><b>Petty Cash Purchases/Shopping</b> (For extremely low value petty purchases) requirement less than US\$ 150/100 000 FCFA) for Goods/Works/Services</p>	<p>Petty Cash Purchases shall be undertaken when items of standard specifications of value less than \$150/100000 FCFA that are either urgently required or supplier does not accept AfricaRice Purchase Order (PO). An original receipt of the price paid shall be obtained. <b>No PO required. At least 2 oral quotations, i.e. by phone, but details written out with name of supplier, amount quoted and date received.</b></p>

**Process to be followed for Petty Cash Purchases**

The Petty Purchases provides a procedure for concluding a contract for low value requirements, where the time and cost of conducting competitive procurement proceedings would be disproportionate to the value of the requirement

- The Requestor/ user department identifies the need for a specific expense
- Evaluate the urgency of the procurement of the item or service and whether or not the respective budget/s has sufficient funds to cover the full value of the intended expense.
- Ascertained that the item(s) intending to be purchased is not available in stock and that it is not practical to go through the procurement office to make the purchase.
- Complete a manual Requisition Form.
- Budget Unit/ Station Administrator/Finance confirms funds availability in writing.
- Cash purchase is made either by the requestor or Procurement Unit staff
- Purchased item is received in the store or by The person in charge of Goods Receipt and a Good Received note (GRN ) is established based on the Supplier Original Invoice and delivery note
- Purchased item is released to requestor.
- The requestor or Procurement Unit Staff(depending on who made the purchase) ensures that all necessary documentation is submitted to Finance Unit to capture the transaction

Whenever practical, purchases must be channeled through the Procurement Unit to advice on the appropriate procurement method.

**NB:** All expenditure, no matter how small, must be properly authorized and accounted for. Records of all stages of the procurement process must be kept on the petty purchases procurement file in date order. For further details on petty cash purchases refer to (Inter-Office Memorandum N°02/2017: Procurement Procedures for 150 US\$/100 000 FCFA cash advance)

### **6.3 Request for Quotation**

This method may be appropriate for procuring goods of standard specifications or contracting of small works with a low dollar value. Requests for quotation should include description of goods (if necessary, with indication of equivalency with part number, trade mark or quality standards) or scope of work, as well as the desired delivery or completion period. Quotations may be submitted by fax or mail and are not subjected to a formal invitation, acceptance, and opening and evaluation process. The evaluation of quotations should take into consideration price, quality, delivery terms and standardization aspects of goods and works. Request for quotation on an international basis should obtain quotations from at least two different countries. Request for quotation on a national basis are primarily for goods that are easily available from many sources within the country where the Center is situated.

Method: 2	Minimum Requirements & Comments
<b>Request for Quotation (from US\$ 150 - US\$ 20000) Goods/Works/Services</b>	Priced quotations will be obtained from a minimum of three suppliers to ensure competitiveness. The offers can be obtained from the prequalified list of suppliers if available. Quotes from 2 million CFA/4000 USD and more and less than 20000 USD should be submitted in the sealed envelope.

#### Process to be followed for Request for Quotations

After receiving a request from the User department, the Procurement Unit will;

- Review the Technical Specifications; seek clarity from the user if need be;
- Prepare list of suppliers (minimum three-consider the prequalified list of suppliers), broad enough to generate good competition.
- Prepare Request For Quotation document (RFQ) or email;
- Send the Request For Quotation to the suppliers;
- Make sure that the requirement of obtaining a minimum of three quotations has been fulfilled;
- Receive quotations and evaluate them;
- Prepare an evaluation report/Price comparison Analysis and make recommendation for award of contract;
- Submit evaluation report and award recommendation to the authority approving the Purchase Order (depending on the Center Threshold)
- Generate a Purchase Order, print and forward for signing;
- Issue an approved purchase order and follow up on delivery of goods/services/works as per the PO.
- Liaise with stores/user on the receipt and inspection of goods/services
- Liaise with finance on account payment after submission of all invoices and other relevant supporting documents (i.e. Good Received Note (GRN) Delivery notes, Purchase Order, Invoice etc...);
- Maintain file record of procurement.

**It is important to note that any Procurement of 10,000 USD and above conducted in any of the Outstations must be reviewed by Procurement Unit at Headquarter and The Purchase Order must be approved by the Director of Finance and Corporate Services.**

## 6.4 Open Tender

The purpose of open competition is to give all eligible prospective individuals, firms or entities adequate and timely notification of Center's requirements and to give them equal access and a fair opportunity to compete for contracts for the required services, goods or works.

The procurement opportunity should be advertised so as to allow all those who are eligible, the reasonable facilities to participate.

Open Tender requires formal bidding procedures and documentation. For procurement of goods with complex technical specifications and standards, a two stage bidding procedure may be used, under which first un-priced technical proposals are invited and after technical clarifications and adjustments, final technical proposals and priced bids are submitted. Depending upon the nature and scope of procurement, the likelihood of attracting competition outside Center's country, and the development status of the national manufacturing, construction or consulting industry, the procurement could be on an international or national basis.

Method: 3	Minimum Requirements & Comments
<p><b>Open Tender (Invitation to Bid (ITB)/ (Request for Proposal (RFP) For particularly high value requirements from US\$ 20,000 above. Goods/Works/Services</b></p>	<p>AfricaRice will conduct a formal tender procedure, advertising the opportunity and also inviting suppliers of whom it has previous good experience to participate. In the case of two-envelope tendering, Technical and Financial proposals will be evaluated separately, with only those bids that are judged to have passed a technical threshold mark being examined for financial terms. ITB applies to goods with standard and clear specifications and RFP is for goods, services or works that cannot be quantitatively or qualitatively expressed in sufficient detail such as professional or other complex goods, services and works.</p>

### 6.4.1 International Competition

Procurement processes may be advertised to the international supplier community, through the use of the AfricaRice Website and any other applicable advertising platforms. The purpose of international competition is to provide all suppliers with an equal opportunity to bid for the required goods, works or services.

### 6.4.2 Local, Continental and Regional Competition

In certain circumstances, it may be preferable to encourage continental and regional competition as detailed below:

- Where from a total cost perspective it is beneficial to obtain the goods, services or works locally,
- If the requirements is in a geographical location or with a delivery time frame that may not be of interest to international suppliers,
- Where it has been determined that obtaining goods, services or works locally would have a positive impact to sustainable local development,

- Where contracting with a local company would reduce the environmental impact or increase national ownership,
- If expert knowledge of the region is required.

However, in order to ensure effective competition continental, local and regional competition should only be used where there are enough capable suppliers to participate in a tender process. Further, care must be taken to reduce the risk of potential fraud in the form of collusion or the formation of cartels.

#### **Process to be followed for Open Tender**

After receiving a request from the User department, the Procurement Unit will

- Prepare Tender Notice;
- Prepare Technical specifications and Tender Document;
- Publish Tender Notice in Newspaper & on AfricaRice website;
- Receive Tender interests;
- Issue Tender Document or Request for Proposal Document; Tender document may also be available for downloading on AfricaRice Website;
- Receive Submission of Tenders;
- Provide tenders submitted for Procurement Committee's evaluation
- Prepare an evaluation report and recommendation for award of contract;
- Submit evaluation report and award recommendation to the Director of Finance and/or Director General 's approval (depending on the total cost of the Contract and the Center's Threshold);
- Award the contract and notify the selected supplier/service provider
- Generate a Purchase Order/Contract , print and forward for signing;
- Issue Contract/Purchase Order ;
- Receive and inspect goods, and initiate payments as per the purchase order;
- Maintain file record of procurement.

### **6.5 Restricted/Limited Tender**

Restricted competition is essentially a competition by direct invitation without open participation. Goods and works which are of a specialized nature or available only from a limited number of suppliers may be procured through restricted tendering where it can be clearly shown that no advantage could be gained through an open process.

A two stage process as described above in \*Open Tender\* could also be applicable under restricted competition. Under this procedure, bids may be invited from three to five potential firms, with the shortlist size being broad enough to assure competitive prices.

Method: 4	Minimum Requirements & Comments
<p><b>Restricted/Limited Tender For specialized high value requirements US\$ 20,000 and above</b></p> <p><b>Goods/Works/Services</b></p>	<p>This is a formal tendering process by direct invitation to a shortlist of <b>known</b> suppliers and is essentially open tendering by invitation. The shortlist shall be comprehensive enough to ensure competitive prices and should include all potential suppliers. The restricted tender will be applicable:</p> <ul style="list-style-type: none"> <li>- Where the requirement is of a specialized nature.</li> <li>- The no. of potential suppliers is limited.</li> <li>- Due to the urgent nature of the requirement, the open tender is not practical</li> </ul>

#### Process to be followed for Restricted/Limited Tender

After receiving a request from the User department, the Procurement Unit will:

- Prepare Technical specifications and Tender Document;
- Issue Tender Document or Request for Proposal Document to specific limited suppliers ;
- Receive Submission of Tenders;
- Provide tenders submitted for Procurement Committee’s evaluation
- Prepare an evaluation report and recommendation for award of contract;
- Submit evaluation report and award recommendation to the Director of Finance and/or Director General ‘s approval (depending on the total cost of the Contract and the Center’s Threshold);
- Award the contract and notify the selected supplier/service provider
- Generate a Purchase Order/Contract , print and forward for signing;
- Issue Contract/Purchase Order ;
- Receive and inspect goods, and initiate payments as per the purchase order;
- Maintain file record of procurement.

## 6.6 Framework Agreements (For routine requirements)

Framework (or “call-off”) Contracts shall be used, wherever practical in AfricaRice to provide an efficient, cost effective and flexible means to procure goods, works or services that are required continuously or repeatedly by the AfricaRice over a set period of time. 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. 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.

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.

The objective of framework contracts is to minimize the cost and effort wasted in preparation of multiple similar small procurement processes by agreeing 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 AfricaRice for the subject of the framework contract.

Readily available of common supplies direct from the supplier will also minimize the requirement for stock-holding within. 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.

<b>Method: 5</b>	<b>Minimum Requirements &amp; Comments</b>
<b>Framework Agreements (For routine requirements)      no value attached</b>  <b>Goods/Works/Services</b>	To the greatest extent possible, AfricaRice will tender for and negotiate framework supply contracts covering goods that are routine requirement. Once those contracts are in place, AfricaRice will be able to place simple call-off contracts easily and quickly, knowing that product quality and acceptability, competition and other commercial concerns were properly dealt with under the original tender.

#### **Process to be followed for Framework Agreements**

After receiving a request from the User department, the Procurement Unit will:

- Prepare Tender Notice;
- Prepare Technical specifications and Tender Document;
- Publish Tender Notice in Newspaper & on AfricaRice website;
- Receive Tender interests;
- Issue Tender Document or Request for Proposal Document; Tender document may also be available for downloading on AfricaRice Website;
- Receive Submission of Tenders;
- Provide tenders submitted for Procurement Committee's evaluation
- Prepare an evaluation report and recommendation for award of contract;
- Submit evaluation report and award recommendation to the Director of Finance and/or Director General 's approval (depending on the total cost of the Contract and the Center's Threshold);
- Award the contract and notify the selected supplier/service provider
- Draft Framework Agreement and issue;
- Place call –off contracts as and when goods required;
- Receive and inspect goods, and make payments as per the purchase order;
- Maintain file record of procurement.

**Note that the process of Restricted tender may also be used in this case if there are limited number of suppliers or goods, works and services are of a specialized nature**

## 6.7 Direct Contracting /Single Sourcing

Direct contracting without competition (single sourcing) may be an appropriate method for services, goods or works of small value. It may be suitable also under the following circumstances:

- An existing contract for goods, works or services, which has been awarded earlier in accordance with the guidelines, may be extended for additional goods, works or services of a similar nature with a value of not more than 20 percent of the initial contract value,
- Award for identical requirements have been approved within a reasonable period of six (6) months and the conditions and prices offered remain unchanged,
- Standardization of spare parts and goods to be compatible with existing goods may be justified to procure from the original supplier at a fair and reasonable price,
- The required item is of proprietary nature and obtainable from only one source or only one firm is fully qualified with clear cost advantages or has the exceptional experience,
- A donor may have already approved a proposal which confirms the partners and the amounts of the project budget,
- When in exceptional circumstances, it would not be in the interest of the Center to proceed with the normal procurement process in situation of emergency. For the purpose of these guidelines, an emergency situation is defined as exceptional circumstances in which it would not be in the interest of the Center to use a competitive exercise. Procurement action conducted under emergency must be documented and approved by a relevant authority,
- When another CGIAR Center or another international development organization have recently completed a competitive exercise and awarded a contract for identical goods or services, the Center can bypass the competitive bidding exercise and, with the assent of the international organization and the contractor, award a contract or purchase order with the same price, terms and conditions to the incumbent contractor,
- An open and limited competition would have negative security implications.

Decisions for direct contracting must be fully documented and qualify and under one of the situations above and be approved in advance by Director of Finance and Corporate Services.

In all cases, the Procurement Unit must ensure that the Center is getting value for money and the prices paid, terms and conditions are competitive. Past prices paid for similar contracts by the Center and historical data from other Centers can be used for price comparisons purposes.

<b>Method: 6</b>	<b>Minimum Requirements &amp; Comments</b>
<b>Direct Procurement/Single Sourcing no value attached Goods/Works/Services</b>	This is direct contracting with a supplier or single source selection: In cases of extreme urgency where immediate order placement is required without competition i.e. where rapid selection is essential. - Where there can only be one supplier. - Where standardization of supplies, equipment or spare parts makes competition impractical.

### Process to be followed for Direct Procurement/Sole Sourcing

#### Direct Procurement/Sole Sourcing from 0-10000 USD

When One of The conditions described in 6.7 for the use of direct procurement is noted:

- Raise a requisition – **User department**
- Prepare a description of the goods, works or services. – **User department**
- The description must state the purpose for which the goods, works or services are required, to enable a judgment to be made on whether there are functionally equivalent goods, works or services available from alternative suppliers, which would also meet the need.
- Identify the supplier who is able to fulfil the requirement and request for a quote -**User department & Procurement Unit**
- Fill up A sole supplier **Sole/Single Source Justification form Annex F** and have it approved by the **HEAD OF DEPARTEMENT/PROGRAM LEADERS** and send a copy to **Procurement Unit - User department**
- Submit the Sole Supplier justification to **HEAD OF FINANCE** for the authorization of Purchase- **Procurement Unit**;
- Issue Contract/Purchase Order - **Procurement Unit** ;
- Receive and inspect goods, and initiate payments as per the purchase order- **Procurement Unit**;
- Maintain file record of procurement- **Procurement Unit**.

#### Direct Procurement/Sole Sourcing from 10,000-20,000USD

- Raise a requisition – **User department**
- Prepare a description of the goods, works or services. – **User department**
- The description must state the purpose for which the goods, works or services are required, to enable a judgment to be made on whether there are functionally equivalent goods, works or services available from alternative suppliers, which would also meet the need.
- Identify the supplier who is able to fulfil the requirement and request for a quote -**User department & Procurement Unit**
- Prepare a detailed justification for use of the Direct Contracting method - **User department & Procurement Unit**
- Submit the justification for the approval of: **the Head of User department and the Director under which the user department is under-User department**
- Send the approved justification to Procurement Unit
- Submit the approved written justification to Director of Finance and Request for his authorization- **Procurement Unit**
- Issue Contract/Purchase Order - **Procurement Unit** ;
- Receive and inspect goods, and initiate payments as per the purchase order- **Procurement Unit**;
- Maintain file record of procurement- **Procurement Unit**

#### Direct Procurement/Sole Sourcing for over 20,000USD

- Raise a requisition – **User department**
- Prepare a description of the goods, works or services. – **User department**
- The description must state the purpose for which the goods, works or services are required, to enable a judgment to be made on whether there are functionally equivalent goods, works or services available from alternative suppliers, which would also meet the need.
- Identify the supplier who is able to fulfil the requirement and request for a quote -**User department & Procurement Unit**
- Prepare a detailed justification for use of the Direct Contracting method. – **User department & Procurement Unit**

- Seek approval from the Procurement Committee for use of the Direct Contracting method.- **Procurement Unit**
- Prepare a written description of the user's needs, including the technical description of requirements and the terms and conditions of the proposed contract.- **User department & Procurement Unit**
- Send the written description to the sole supplier, requesting a written offer. No formal receipt or opening of the tender is required.- **Procurement Unit**
- Evaluate the supplier's offer to determine whether it meets the user's requirements.-**Procurement Unit**
- Prepare an evaluation report, recommending whether the tender should be considered for contract award, whether negotiations are required or whether the procurement requirement should be cancelled or redefined.
- Obtain approval for the recommendations from the Procurement Committee Procurement Unit
- Hold negotiations over price with the sole supplier, if required and obtain approval from the Procurement Committee for the negotiation results - **Procurement Unit**
- Send a notice of acceptance, if required, ensuring that all necessary approvals are obtained first.
- Prepare a contract or Purchase Order document. - **Procurement Unit**
- Administer and complete the contract - **Procurement Unit**
- Receive and inspect goods, and initiate payments as per the purchase order- **Procurement Unit;**
- Maintain file record of procurement- **Procurement Unit.**

## **6.8 Procurement from UN Agencies or specialised Agencies**

There may be situations in which procurement directly from UN Agencies or Specialized Agencies, acting as suppliers, may be the most appropriate way of procuring:

- small quantities of off-the-shelf goods, primarily in the fields of education and health, and
- specialized products or services where the number of suppliers is limited such as for vaccines or drugs.

## **6.9 Alternate Supply Methods**

In order to take advantage of volume discounts and improved contractual terms as a result of consolidation of quantities, CGIAR Centers should develop when possible, supply arrangements (umbrella contracts or standing offers) with suppliers of goods or services used by multiple users. Cooperation between CGIAR Centers are encouraged to develop these supply methods and negotiate price discounts based on consolidation of quantities.

## **6.10 Lease versus Buy Decisions**

When procuring capital equipment (photocopiers, servers, etc.) sometimes a lease/buy analysis should be performed to determine which is more advantageous to the Center— leasing the equipment or purchasing the equipment. Considerations such as funding, technological evolution and long term needs, must be taken into account by the requisitioning office before recommending a lease versus buy analysis. The Procurement Unit will compare the cost of leasing with the cost of buying an identical item.

The analysis should include a comparison of the total cost of the lease payments over the duration of the lease, and other non-cost factors, to the proposed purchase price of the equipment and any additional costs that would apply such as estimated delivery charges not included in the purchase price, the installation costs; maintenance costs anticipated over the expected useful life of the equipment and any warranty costs not included in the purchase price.

The lower total of the two is the preferred cost and should be recommended for acquisition.

### **6.11 Exceptions to selection methods**

In exceptional circumstances, a contract award may be made by exception to the procurement methods mentioned above.

The following purchases are exempt from competition as competition is normally not practicable and or available for such goods and services:

- Lease/rental of real estate,
- Honorarium and Workshop/Training/Meeting Facilitators' fees,
- Fund transfers as a result of an agreement between AfricaRice and another institution,
- Performing Artists,
- Writers,
- Journal subscriptions,
- Memberships,
- Photography services,
- Softwares/Licences,
- Advertisements e.g. newspapers, magazines, journals, websites, radio, television or similar public media,
- Utilities.

### **6.12 Timescales for procurement methods**

<b>Timeline for International Procurement of works, goods and services : Request for Quotation Method</b>	
	<b>Working Days</b>
a) Purchase Request received by PSU( Procurement Unit )	<b>1</b>
b) Request quotes from suppliers (minimum of three suppliers)	<b>2</b>
c) Quotes preparation and submission by suppliers	<b>7</b>
d) Quotes evaluation by PSU team+ technical advisor (if necessary) and negotiation	<b>2</b>
e) Purchase Order (PO) preparation, submission for approval and initiation of pre-payment request (if necessary)	<b>2</b>
f) Notify the selected supplier	<b>1</b>
<b>Total days</b>	<b>15</b>
<b>Timeline for International Procurement of goods, works and services: Tender Method</b>	
	<b>Working Days</b>
a) Purchase request received by PSU	<b>1</b>
b) Preparation of Tender documentation and send invitation to tender to suppliers /advertise in newspapers or AfricaRice website	<b>10</b>

c) Bids preparation and submission	25
d) Bids evaluation by a Tender committee	10
e) Negotiation, Preparation and submission of Minutes/Committee report. For Management's Approval	5
f) Purchase Order (PO)/contract and pre-payment request preparation then Notify the chosen supplier	2
<b>Total days</b>	<b>53</b>
<b>Timeline for Local Procurement of goods, works and services: Request for Quotation Method</b>	
	<b>Working Days</b>
a) Purchase Request received by PSU	1
b) Request quotes from suppliers ( minimum of three suppliers)	2
c) Quotes preparation and submission by suppliers	5
d) Quotes evaluation by PSU + technical advisor ( if necessary) and negotiation	2
e) Purchase Order(PO) Preparation and submission for approval and initiation of pre-payment request (if necessary)	2
f) Notify the chosen supplier	1
<b>Total days</b>	<b>13</b>
<b>Timeline for Local Procurement of goods, works and services: Tender Method</b>	
	<b>Working Days</b>
a) Purchase Request received by PSU	1
b) Preparation of tender documentation and send invitation to suppliers/ advertise in newspapers or website AfricaRice	7
c) Bids preparation and submission	14 or 25*
d) Bid evaluation by a tender committee	5
e) Negotiation, Preparation and submission of Minutes/Committee report. For Management's Approval	5
f) Purchase Order (PO)/contract and pre-payment request preparation then Notify the chosen supplier	2
<b>Total days</b>	<b>34/45</b>

***\*14 days for preparation and submission of bids are to be considered for Restricted / Limited Tender***

***\*25 days for preparation and submission of bids are to be considered for Open Tender***

### USEFUL INFORMATION

This is the normal timeline for a purchase request to be processed, we assume that specifications or requirements are clearly defined in those cases. Note that in most cases, international suppliers will require advance payment. Advance Payments are subject to Financial rules. Also consider manufacturing, shipment and customs clearance time while planning purchases.

## 7. Preparation & Issuance of Bid Documents

The aim of the solicitation should be to furnish all information necessary for a prospective firm to prepare in a complete manner its bid, quotation or proposal for services, goods or works to be provided. While the detail and complexity of solicitation package may vary with the size, nature, value and method of procurement of the proposed package, these generally include: invitation to bid; instructions to submit bids; conditions of contract; description, specifications, scope, technical and personnel requirements; delivery schedules; and other necessary appendices and formats for different requirements.

The factors for evaluation and selection of the successful bid should be clearly outlined.

The Center should develop its standardized solicitation documents. The solicitation document should indicate whether it intends to make multiple awards.

The period for the solicitation response is determined by the procurement unit. However, it should be sufficiently long to allow prospective firms to participate and submit a bid for the procurement.

The Procurement Unit should provide any clarification to a respondent's question and must be provided, in writing, to all other interested firms receiving the solicitation. The procurement staff authorized for the procurement should be the only staff to correspond with firms prior to award of contract.

The Procurement Unit will issue full copies of all its bidding documents to each supplier, carefully keeping a record of every document issued so that amendments can be sent to all firms which were sent the original document.

**Process to be followed – Preparation of bidding documents**

A set of documents will be prepared by the Procurement Unit establishing the goods/works/services required, the procurement procedures to be followed, and stipulating if possible, the proposed contract conditions. At the preparation stage, one should ensure that the documents contain all information necessary to allow the bidders to prepare a responsive tender or quotation. As a minimum step one should;

- Instruct bidders on the procedure for submission of tenders;
- Describe the works to be procured;
- Inform bidders of the criteria for evaluation of tenders; and
- Define the conditions of any resulting contract.

**Process to be followed – Issuance of bid documents**

- Where documents are being issued to bidders on a shortlist or pre-qualified list, the documents must be dispatched to all bidders at the same time. A record must be kept of the issue of documents.
- Where an invitation to tender or pre-qualify notice is being published, bidders may request to preview the documents prior to purchase. Arrangements must be put in place to permit previews, at the address and time stated in the published notice. The Procurement Unit must also ensure that sufficient copies of the bidding document will be available for issue by the date of publication of the first notice.
- When a fee is not charged for the bid documents, Procurement unit may give an opportunity to prospective bidders to request a copy of the documents through an email indicated in the document and which is dedicated for Request for quotation/tender processes. The document could also be available for downloading on the Center's website.
- Where a fee is charged for the documents, arrangements must be put in place for receiving and confirming payments and issuing receipts. The precise arrangements will depend on the method of payment required.
- Documents must be dispatched promptly to all bidders who respond to any notice and pay any required fee. Documents must be dispatched within two working days of payment of the fee.
- A record must be kept of the issue of documents

**Approvals Required:**

- No approvals are required to issue Bidding Documents. Approval of the Bidding Documents and of the Tender Advertisement will already have been obtained from the delegated authority: Director General/Director of Finance depending on the Total Estimated cost of the works goods or services to be procured

**Record-Keeping**

A record of the issue of bidding documents must be completed and kept on the procurement file.

## 8. Submission and Receipt of Bids/Quotes

### 8.1 Submission of Bids/quotes

- It is the responsibility of bidders to ensure that bids/quotes are submitted in accordance with the provisions in the solicitations documents. Submissions can be received by mail, courier, fax and dedicated email,
- 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,
- If bids are delivered by hand, bidders should obtain a receipt from AfricaRice recording the date and time of delivery,
- Bids/proposals received after the appointed time should be immediately returned, unopened, accompanied by an explanatory letter giving the date and time of receipt.

#### 8.1.1 Submission of quotes of 4000 USD (2million CFA) or more

When the total estimated cost of items included in each inquiry is more than 2 million CFA or 4000 USD, ask suppliers to submit their bids in a sealed envelope and give them a reasonable time limit to do so. However, requests for a brief extension of time limit for valid reasons shall be given due consideration. Bids that are not submitted in sealed envelopes shall be rejected. After all sealed bids are received, including those covered by extended time limit.

### 8.2 Receipt of Bids

- In the case of a Request for Quotation, the offers can be received by the concerned procurement official directly either by mail, fax or e-mails. The Procurement Unit will be responsible for ensuring that e-mail offers or quotations submitted are secured and printed, and treated in the same fashion as written offers; ***However quotes over 2 million CFA/4000USD and less than 20000 USD should be received in sealed envelope or in passworded electronic offer,***
- In the case of an open tender all bids/proposals are to be received by a person, not directly concerned with the procurement e.g. Receptionist. All bids/proposals are to be time/date stamped upon receipt and placed in a locked container, such as a tender box or safe until the bid opening time and date,
- 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,
- The tender box shall be closed and sealed immediately following the deadline for submission of bids,
- Access to the tender box shall be confined to the personnel duly authorized,
- 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:
  - a) There is acceptable evidence to establish that it was received at the location designated for receipt of bids and was under AfricaRice control prior to the time set for receipt of bids,

- b) If an emergency or unanticipated event interrupts normal processes and operations so that 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 work day on which normal AfricaRice 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),
- c) If less than three (3) bids have been deposited, Tender committee members may decide to accept late bids provided the bid were deposited the submission date before closing time.
  - Any bids or proposals inadvertently opened before the due date are to be brought to the attention of the attention of Procurement Unit and the Tender committee for further action,
  - Unsolicited bids/quotes received shall be rejected.

## 9. Bid Opening

### 9.1 Opening of quotes of 2million CFA/4000 USD or more

When the total estimated cost of items included in each inquiry is more than 2 million CFA or 4000 SUD and less than 20000 USD, quotes shall be opened and signed jointly by a representative each from Purchase and Finance Units. When the "proforma" runs into more than one page, the two representatives shall sign each page.

### 9.2 Tender opening

Bids that have been received on time are usually opened publicly in the presence of bidders. This is an important step in the bidding process as:

- opening bids publicly helps to demonstrate that the bidding processes is transparent and increase bidders' confidence in the fairness of the system,
- reading out technical scores and prices at the financial opening should avoid any disputes regarding changes of price or the evaluation results at a later date,
- The formal procedure, which usually coincides with the bid closing, should prevent late bids from being included in the evaluation.

The bid document will state whether there will be a public bid opening, including details of the full location of the bid opening along with the date and time of the bid opening.

The Procurement Unit is responsible for ensuring that the designated room is available at the designated time and is of a suitable size and configuration.

### 9.3 A one or two-envelope process

There are essentially two types of bidding processes:

- a one-envelope process whereby technical and financial bids are contained in the same envelope and opened at the same time. Summary details, including technical scores and prices, are read out and recorded,

- a two-envelope process where one (outer) envelope contains two envelopes containing separate technical and financial tenders. The envelope containing the tenders received on time are opened publicly to obtain the separate technical and financial proposals within. The technical proposals are also opened and summary details read out and recorded. Financial proposals are kept sealed until the technical evaluation has been completed and approved.

The financial proposals of tenders proceeding to the financial evaluation are opened publicly at a separate tendering opening, at a date and time notified after the technical evaluation. Summary details, including technical scores and prices, are read out and recorded.

## **9.4 The bid opening ceremony**

### **9.4.1 Preparations for opening**

It is necessary to prepare the room prior to the bid opening time. Staff must ensure that appropriate resources, both physical and human, are available to manage the tender opening efficiently.

- 1) Physical resources for an efficient bid opening include:
  - A room that is accessible to bidders, arranged so that bidders' representatives are seated at a short distance from the table where the opening is to be conducted. It is important that bidders witness, rather than participate in, the bid opening procedure,
  - office materials (i.e. scissors, marker pens) for opening and marking of tenders,
  - a copy of the bidding document, in case there is a need to refer to the invitation instructions or other details,
  - Blank forms for recording tender details,
  - blank attendance records and pens, for all bidders and other attendees to sign their attendance,
  - Access to photocopying facilities for distributing copies of the tender opening record will also be required.
- 2) Human resources should be sufficient to ensure that the opening proceeds efficiently:
  - The bid opening team/committee should comprise a minimum of three (3) members. It may include members of the designated evaluation committee, although, where possible it is preferred that the identity of the evaluation committee is unknown by bidders,
  - In addition to the committee, One Procurement Unit staff must act as a secretary and should record all the information read out, repack bids into their original packaging and ensure that the attendance record is completed.

### **9.4.2 The bid opening procedure**

All bidders' representatives present for the bid opening must sign a register, detailing their name and the name and address of the company they represent.

In some instances, bidders' representatives may be required to provide a power of attorney confirming their status as the bidder's representative before they are admitted

The committee chairperson will formally open proceedings, introducing the members of the committee and their role in proceedings along with details of how the opening will be conducted. Bidders' representatives should be reminded that they are not to interrupt proceedings.

The next steps are:

- 1) Check that the bids are marked for the correct bid opening.
- 2) Check for any withdrawals and confirm that such withdrawal is authentic.
- 3) Check that bid packaging shows no sign of tampering. If there is damage, then this must be stated and included in the minutes.
- 4) Open each bid one by one. The following details for each bid will be read out:
  - Name and domicile of the bidder, including the names of all parties to a joint venture, consortium or association,
  - Confirmation that the bid is or appears to be complete,
  - Any initial observations regarding the responsiveness of the bid. This would include: – Was the bid delivered late? – Was the bid sealed? – Was the bid signed correctly? – Were the correct number of copies included? – If required, was a correct bid security included along with other required documentation? – If required, were any required samples included with the bid? – If using a two-envelope system, is there a sealed envelope containing the financial proposal (note that the financial envelope must remain unopened),
  - If using a single-envelope process, the currency of the bid and total bid price,
  - No additional information should normally be read out unless expressly provided for in the bidding document.
- 5) Assign a unique reference number to each bid and write it on each copy of the bid document.
- 6) All copies of the bid are signed by all members of the opening committee.
- 7) The chairperson may open the meeting to questions from bidders but this is not compulsory. If this is done, responses given should normally be restricted to information which is included in the bidding document. The committee must take care not to answer questions regarding the acceptance or rejection of proposals, or to discuss the specific details of any proposal or price. A standard response of 'that will be decided by the evaluation committee' may be given to such questions.
- 8) The chairperson should close the tender opening meeting, reminding bidders that they must not seek to influence the evaluation process and that the successful proposal will be published in due course.
- 9) Copies of the bid opening record should be distributed to bidders. The original record should be added to the procurement file.
- 10) All proposals should be immediately taken to a place of safekeeping until the evaluation committee is ready to meet and commence its work.

## **9.5 Additional guidance for opening of financial proposals in a two-envelope system**

Where a two-envelope system is in use, financial proposals are opened only after the completion and approval/no-objection of the technical evaluation.

The first step is to ensure that all bidders whose proposals are proceeding to the financial opening have been notified of the time, date and location for the opening, in sufficient time<sup>1</sup> prior to the opening.

Although most of the other steps to be followed are generally as per the processes above, there are some subtle differences.

The process is shown below:

- 1) The chairperson should welcome bidders to the financial opening and request them all to sign the record of attendance.
- 2) The chairperson briefly explains the procedure that will be followed, which is normally:
  - Reading out technical scores,
  - Opening of financial proposals,
  - Reading out and recording of financial information by the procuring entity,
  - Opportunity for bidders to ask questions,
  - Closing of meeting, and
  - Removal of financial proposals for safekeeping and evaluation.
- 3) Read out the names and technical scores of all bidders whose proposals are proceeding to the financial evaluation? The bid opening committee must not discuss the technical scores or the results of the technical evaluation in any way.
- 4) Check that the bids are marked for the correct bid opening, if there are any withdrawals and confirm that such withdrawals are authentic.
- 5) Check that the financial envelope shows no sign of tampering. If there is damage, then this must be stated and included in the minutes.
- 6) Open each bid one by one. The following details for each bid will be read out:
  - Name and domicile of the bidder, including the names of all parties to a joint venture, consortium or association,
  - The number of copies of the financial proposal received,
  - The currency and total price of the financial proposal. The bid opening committee must not make any comments regarding the prices or the financial evaluation,
  - No additional information should normally be read out unless expressly provided for in the bidding document.
- 7) When all relevant financial proposals have been opened, read out, and recorded and signed by all members of the opening committee, the chairperson may allow tenderers to ask questions

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<sup>1</sup> A minimum of a week is usually recommended to ensure that bidders can make arrangements to attend. Unless all bidders are very closely located to the opening locations, any less than one week's notice period is likely to be unfavorable to some bidders and therefore risks compromising the principle of fairness.

- 8) The chairperson should close the tender opening meeting, reminding tenderers that they must not seek to influence the financial evaluation and that the successful proposal will be published in due course.
- 9) Copies of the tender opening record should be distributed to bidders. The original record should be added to the procurement file.
- 10) All financial proposals should be immediately taken to a place of safekeeping, until the evaluation committee is ready to meet.

### **9.6 Minutes of the bid opening**

The minutes of the bid opening should be prepared by the Procurement Unit acting as a Secretary of the committee. The minutes should be based on the information recorded during the ceremony. Given the use of modern computer equipment and software, the minutes can be issued to bidders' representatives immediately after the closure of the meeting. They must also be forwarded to the contact address of each bidder.

## **10. Examination & Evaluation of Bids**

The purpose of evaluation is to objectively assess and compare all quotes/tenders received, in accordance with the predefined methodologies, to determine the successful supplier/service provider to be awarded a contract.

A well conducted evaluation should ensure that:

- Competition is fair and that all bidders have an equal opportunity of winning contracts,
- The goods, works or services purchased under the contract are of appropriate quality, and
- The Center gets the best possible value for money.

The evaluation methodology that is used is dependent on the respective selection method that has been used.

### **10.1 Evaluation methodology: Request for Quotation**

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

Procurement Unit should do the quotes evaluation in association with the requestor or the technical expert.

#### **10.1.1 Factors to Consider in Quotation Evaluation**

In determining whether a quote is acceptable, non-price factors, such as those listed below are should be taken into account with the lowest acceptable offer ultimately being selected.

- Compliance with technical specifications, relevant international standards and technical norms,
- Compatibility with existing equipment and standardization plans,
- Compliance with required delivery schedules,
- Examination / comparison of samples,
- Payment terms,

- Guarantees, availability of spare parts, after-sales services and training,
- Life-cycle aspects covering maintenance and operating costs,
- Capability, capacity, financial standing, past experience and performance of the vendor and its local representative.

### **10.2 Evaluation Methodology: Invitation to Bid (ITB)**

This methodology is applicable to all tenders where an ITB has been chosen as the procurement method. 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**.

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.

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.

If the requirement cannot be evaluated on a clear pass-fail basis then the Request For Proposal (RFP) must be used which allows for evaluation based on a weighted combination of both technical and financial criteria.

### **10.3 Evaluation methodology: Request for Proposal (RFP)**

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**.

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.

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.

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. 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 non performing supplier is reduced as the technical requirements outweigh the price factors.

***N.B. It is important to note that whether you use an Invitation To Bid (ITB) or Request for Proposal (RFP) the evaluation of bids and recommendations for the award of contract must be made by a Tender Committee.***

## **10.4 Examples of Selection criteria**

The use of merit-point evaluation systems and two-envelope bidding procedures are routine features in the procurement and selection especially of consultants. Selecting consultants or firms for long or complex assignments on the basis of cost alone is unlikely to achieve the required quality of services.

### **10.4.1 Merit Point systems**

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 Request for Proposals. The bidder scoring the highest number of points is usually recommended for the award of contract.

Where cost is a factor in selection, technical quality is normally awarded between 70-80% of the total points and cost 20-30%. However this is only a guideline and the appropriateness of the weighting of the technical and financial scores should be assessed for each assignment.

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.

### **10.4.2 Two- envelope bidding**

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.

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.

### **10.4.3 Quality & Cost Based Selection (QCBS)**

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. 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.

### **10.4.4 Quality Based Selection (QBS)**

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. QBS is suitable for the following types of assignments:

- 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, financial sector reforms),

- Assignments that have a long term impact and in which the objective is to have the best experts available (for example, policy studies of national significance, management studies of large government agencies), and
- 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).

#### **10.4.5 Fixed Budget Selection (FBS)**

FBS is where buyer seeks to obtain the best technical proposal from pre-qualified short-listed consultants within a pre-determined budget limit. This method is only appropriate when:

- The assignment is simple and can be precisely defined, and
- The budget is fixed.

The Request For Proposal (RFP) will indicate the available budget and request the consultants to provide their best technical and financial proposals in separate sealed envelopes, within the stated budget. The TOR must be carefully prepared to ensure that the budget is sufficient for the consultants to perform all of the expected tasks. Technical proposals will be evaluated and bidders who pass the minimum technical score will be invited to a public opening of their financial envelopes.

Bidders whose technical proposals fail to meet the minimum technical score will have their financial envelopes returned unopened. Any financial proposals that exceed the indicated budget shall be rejected. The Consultant who has submitted the highest ranked technical proposal within the budget will be selected for award of contract

#### **10.4.6 Least Cost Selection**

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

A minimum qualifying score for the required quality is established and is stated in the RFP. Shortlisted bidders are required to submit technical and financial proposals in separate envelopes. Technical envelopes are opened first and evaluated. Those bids scoring less than the minimum qualifying score are rejected. The financial envelopes of the remaining bidders are opened in public. The firm with the lowest price is selected for contract award.

#### **10.4.7 Selection based on Consultants Qualifications**

This method may be appropriate for very small assignments where the need for submission and evaluation of detailed competitive proposals is not justified. Expressions of interest and

information on the consultants' experience and competence relevant to the assignment are requested. The firm with the most appropriate qualifications and references is selected. The selected firm is invited to submit a combined technical and financial proposal, and then invited to negotiate the proposal and the contract.

### **10.5 Tender committee Role and responsibilities**

The main purpose of a Tender Committee is to assure fairness and transparency during the evaluation process of tenders and to recommend the best offer to Management in terms of quality, financial and commercial (after-sales service etc.) performance. The role of the Committee is to carry out an unbiased review of offers and to make a judgment on the quality and conformity of offers in accordance with the identified criteria in the tender documents.

It is expected that the Tender Committee:

- Decides on the eligibility of bidders based on the conformity of bids against the terms of references,
- Ensures compliance with administrative procedures relating to procurement, conflicts of interest, reporting of fraud and corruption and engagement with third parties,
- Protects the interests of AfricaRice at all times,
- Examines procurement offers that exceed \$ 20 000. If need be, this mandate shall include offers inferior to \$ 20 000,
- Review general terms and provisions of contracts or orders, their renewal and modification,
- Reads and if possible Reviews the specifications before the launch of the call for tenders,
- Ensures that the work and conclusions of the Committee are documented (minutes, offers, list of presence, etc.) maintained in a transparent, adequate manner and complete to meet future verification needs.

#### **10.5.1 Constitution of the Tender Committee**

Tender Committee members shall be appointed at the Headquarter through a memo of the Director General and at the stations by the Head of Station.

The members of the Committee shall be appointed for a duration of one (1) year renewable for the same period. They are selected among AfricaRice Staff who demonstrate adequate skills and judgement capacities to analyse and make relevant recommendation to the Management.

##### **10.5.1.1 Committee members at the Headquarters**

The Tender Committee at the Headquarters must be multidisciplinary and composed of:

- A maximum of five (5) members with voting right. The members should come from various backgrounds – Finance, Budget, Administration, and/or Research Units. One out of the five members of the committee will be appointed by the Director General (DG) to be the Chair,

- One (1) non-voting committee secretary from the Procurement Unit is responsible for coordinating the committee activities.

The Committee quorum is reached when at least **three (3)** of the five (5) voting members and the Committee Secretary are present. Should the Committee chairperson be unavailable, he/she should designate in writing among the other members an acting chair.

However, in cases of scientific, electronics, agricultural, works, services procurement: where a technical expertise is required, a Technical Evaluation Team composed of internal or external technical experts will analyze the technical proposals and make recommendations to the Tender Committee. The experts solicited have no voting rights. Also, in the event that one of the technical experts is one of the designated members of the Tender committee, the latter will lose the right to vote.

a) The Committee Chair

The Chair is a member (with voting right) and has the following duties:

- Chair meetings by ensuring the quorum is reached for each meeting,
- Ensure that the selection process is transparent and that the rules and criteria of the call for tender are respected,
- Ensure that meeting minutes are produced (deadline: One week after the meeting is held) and are faithful to the deliberations and consensus opinions of the Committee members,
- Ensure that designated members have signed the code of conduct of the Procurement process stakeholders, abide by them at all times and above all ensure that they are not in any situation of conflict of interest.

b) The Committee Secretary

The Secretary is a non-voting member with the following duties:

- Keep the Committee informed, with sufficient time to organize, of the days and hours of meetings and the dates of public opening of tenders,
- Present and coordinate the order of bids to the Committee,
- Present results and recommendations of the Technical Evaluation Commission to the Committee,
- Ensure the production of minutes within a week after the Committee meeting is held,
- Maintain a complete documentation of the Committee proceedings (conclusions, copies of important communication and the minutes for each meeting).

c) Committee members

The four (4) other Committee Members (voting members) shall carry out the following duties:

- Take part in Committee meetings. In case of unavailability, inform the secretary or the Chair of their absence,
- Read the documentation of the meeting before it starts,
- Contribute actively and transparently to all deliberations and conclusions of the committee,
- Read, sign and abide by the Code of Conduct of the Procurement process stakeholders.

### **10.5.1.2 Composition of the Tender committee at the stations**

Stations with staff dedicated to Procurement, example of the Sahel station, must also set up a Tender Committee as per the points below:

- The Committee Members are appointed by the Head of Station for a period of **one (1) year renewable for the same period**,
- The Committee must be composed of **at least (three) 3 voting members** including the Committee Chair,
- The Secretariat is run by a staff from the Procurement unit who has no voting right,
- The presence of **three (3) members** is a prerequisite to hold a meeting.

**Committee Members from the Stations and from the Headquarters carry out the same duties and responsibilities as those mentioned above.**

As at the Headquarters, the Chair of the Committee must designate in writing, in the event of unavailability, an interim member among the other members of the committee.

Likewise, should a case require technical analysis /expertise, a Technical Evaluation Team composed of internal or external technical experts should analyze technical suggestions and make recommendations to the Tender Committee. Experts consulted have no voting right, and in the case where one of the technical experts is a member of the designated Tender Committee, the later will lose his/her voting right.

### **10.5.2 Role and composition of the Technical Evaluation Team**

The role of the Technical Evaluation Team is to verify that the bidders' technical proposals meet the needs or specifications indicated in the tender documents, and to evaluate the bids in accordance with the predefined evaluation criteria. The number of persons forming the team will depend on the nature, complexity, number of technical expert available and value of the contract, but should not exceed **five (5)**. It should be noted that the technical evaluation team is not permanent as in the case of the Tender Committee but are appointed according to the technical nature of the requirement.

The Procurement Unit together with the Requestor shall propose members for the Technical Evaluation Team for the approval of the **Director of Finance and Corporate Services** at the Headquarter and the **Head of stations in outstations**.

### **10.5.3 Absence of a fixed/permanent tender committee**

In the absence of a designated tender committee both at the Headquarters and at the stations, Procurement Unit must propose an ad hoc tender committee appointed for each procurement requirement by the Delegated Authority either by the Director of Finance and Corporate Services or the Director General depending on the total value of the Procurement .

Therefore the committee should include members with a relevant type of skills, knowledge and experience relevant to the procurement requirement as far as possible, which may include:

- Technical skills,
- End-user representatives,
- Procurement and contracting skills,
- Financial management or analysis skills,
- Legal expertise.

## **10.6 The work of the Tender Committee**

Before the evaluation process commences, members of the tender committee should initially review the evaluation methodology and criteria specified in the invitation document and ensure that it is fully understood.

The evaluation of bids is then a sequential process consisting of:

- a) **Preliminary examination**, to eliminate tenders that do not meet the basic requirements of the invitation document and bidders who do not meet mandatory eligibility requirements,
- b) **Assess responsiveness and undertake detailed technical evaluation**, to determine whether tenders are substantially responsive to the technical and commercial requirements of the invitation document. This includes seeking clarifications.

The detailed technical evaluation of bids will depend on whether the evaluation uses:

- i. an assessment of whether the tender conforms to all terms and conditions of the invitation document or a simple pass or fail system,
- ii. or a merit point system.

In the event of i.) Above, the detailed evaluation shall normally be conducted jointly by The Technical evaluation team and the Tender committee.

In the event of ii. ) above, the detailed technical evaluation should first be conducted by the Technical evaluation Team and the report present to the Tender committee for review.

- c) **Financial evaluation** to compare the costs of responsive tenders and determine which is the successful bidder and should be recommended for award of contract.

### **10.6.1 Step-by-Step instructions of the Tender Committee evaluation**

#### **10.6.1.1 Review and list the requirements, instructions and evaluation criteria**

The evaluation committee should review and list the requirements, instructions and evaluation criteria specified in the invitation document and ensure that these are clearly understood, seeking clarification from the person(s) responsible for writing the invitation document or preparing the specification, where necessary.

### **10.6.1.2 Preliminary examination**

This is conducted to determine whether tenders have complied with the basic instructions and requirements of the invitation document. It enables the evaluators to eliminate the weakest tenders, without the time and effort spent in conducting a detailed evaluation. Where no pre-qualification has been conducted, the preliminary examination can also be used to assess whether bidders meet the mandatory requirements

The preliminary examination test is generally conducted on a pass or fail basis, with tenders that are not substantially compliant being rejected. The criteria to be used for the preliminary examination depend on the requirements and instructions of the invitation document, so the preliminary examination must always start with a review of the invitation document to list the requirements to be met.

**As guidance only**, the preliminary examination might typically include checks of the following:

- the tender has been submitted in the correct format,
- any required tender security has been submitted, in the correct form and amount and valid for at least the period required,
- the tender has been submitted without material reservations or deviations from the terms and conditions of the tender document,
- the tender has been correctly signed and authorized,
- the tender is valid for at least the period required,
- all key documents and information required have been submitted,
- any required samples have been submitted,
- the tender meets any other key requirements of the invitation document, and,
- There have been no alterations or changes to the tender documents, except those required as part of the tender requirement.

Eliminate tenders that do not pass this review.

### **10.6.1.3 Assess responsiveness**

In evaluating tenders, the evaluators are required to decide whether a tender is 'responsive (i.e. meets the procuring entity's requirements) or 'non-responsive' (i.e. does not meet the procuring entity's requirements). Note that the ways of assessing responsiveness will vary considerably between evaluations for goods, works and services.

In practice, few tenders are perfect and therefore the key test is whether a tender is 'substantially responsive'. A 'substantially responsive' tender is defined as a tender that conforms to all the instructions, requirements, terms and conditions of the invitation document without material deviation, reservation or omission. In other words, minor (or 'non-material') errors or problems can be accepted by the evaluator(s) or corrected by the bidder, while tenders with major (or 'material') errors or problems must be rejected.

As a general rule, a material deviation, reservation or omission is one that:

- affects the scope, quality or performance of the goods, works or services in a substantial way, or
- would limit the procuring entity's rights or the bidder's obligations under the contract in a substantial way, or
- would unfairly affect the competitive position of other bidders if it were corrected.

Determining whether a deviation is material or non-material is a decision for the evaluators and one which must be based on the contents of the tender only. Additional information or previous knowledge of a product or bidder must not be taken into account.

What is a material or non-material deviation will vary between different tendering procedures, depending on the particular requirements of each. However, decisions on what constitutes material and non-material deviations must be applied consistently to all tenders which are part of the same evaluation process.

In deciding whether deviations are material or non-material, the evaluators should consider the impact on key factors, such as cost, risk, time and quality of the procurement.

**As guidance only**, material deviations, reservations or omissions are likely to include:

- Unacceptable schedules for delivery or completion,
- Unacceptable technical details, such as design, materials, workmanship, specifications, standards or methodologies, and
- Unacceptable counterproposals on key contract terms and conditions, such as payment terms, price adjustment, liquidated damages, subcontracting or warranty.

As guidance only, non-material deviations, reservations or omissions are likely to include:

- Minor differences in delivery or completion schedules, where time is not critical,
- The omission of minor items,
- Arithmetic errors.

#### **10.6.1.4 Undertake Technical evaluation**

Technical evaluation methodology may differ whether we are procuring goods, works or services but the general principles are stated below.

The Technical Evaluation Team 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:

- failure to respond to the specifications by offering a different design or product that is inferior in performance or in other requirements,
- Submission of samples which do not correspond to the specifications,

The Technical Evaluation Team 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.

For merit point procurements: If a merit point system is specified in the bidding documents then minimum technical score must be defined. Evaluation and scoring of each bid for the technical criteria stated in the bidding documents is undertaken.

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.

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.

#### **10.6.1.5 Conduct a financial evaluation**

Financial Evaluation is the process of comparing the offers with the financial criteria stipulated in the bidding documents. Only bids passing the technical examination shall be considered for financial evaluation.

If a two-envelope system 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.

Unless otherwise required by the instructions in the invitation document, the procedure for determining the evaluated price of each tender is usually as follows:

- Take the total tender price as read out at the tender opening, including or excluding particular costs, as indicated in the invitation document (e.g. The total price to consider must be excluded of taxes),
- Correct any arithmetic errors. The procedure for correcting arithmetic errors is normally stated in invitation documents and the procedure stated must be used. Where no specific procedure is stated in the invitation document, if there is a discrepancy between the unit price and the total price that is obtained by multiplying the unit price and quantity, the unit price shall prevail and the total price shall be corrected. Bidders should be notified in writing of any arithmetic corrections made and requested to agree to the corrections in writing,
- Apply any non-conditional discounts offered by bidders. Bidders may be permitted to offer discounts to their tender prices. Discounts, or any other change in price, are not permitted after the tender closing date and only non-conditional discounts should be taken into account in the evaluated price of the tenders. Conditional discounts, such as discounts for prompt payment by the procuring entity, must not be taken into account in the financial evaluation, but should be included (as a contract term), if the tender is accepted. If so stated in the invitation document, bidders may be permitted to offer conditional (or cross)

discounts (i.e. discounts which are conditional on the simultaneous award of contracts for more than one lot). However, conditional discounts should also be excluded from the main financial evaluation. Following completion of the financial evaluation and determination of the successful tender(s), a further financial comparison should be conducted to take any conditional discounts into account. This comparison must identify the best overall value for money for AfricaRice (i.e. the combination of contract awards that offers the lowest total price),

- Convert all tenders to a single evaluation currency for purposes of comparison, using the currency and the source and date of the exchange rate specified in the invitation document, and
- Determine the total evaluated price of each tender.

#### **10.6.1.6 Correct tenders or seek clarification from bidders as required**

Where information contained in a tender is unclear, the evaluation committee may seek clarification of the information from the bidder. Clarifications cannot be used to amend the price of the tender (with the exception of the correction of arithmetic errors), to correct material deviations or to make other significant changes to any aspect of the tender.

Requests for clarification must be addressed to the bidder in writing and must state that a written response is required by a specified date. The request must also state that failure by the bidder to respond to the request may result in the rejection of their tender.

Where a tender includes non-material deviations, errors or omissions, the evaluator(s) may choose to accept or to correct them. In order to make the evaluation fair to all bidders, the non-conformity should be quantified and expressed in monetary terms, wherever possible. This amount should then be added to the tender price, for purposes of the financial evaluation only, to reflect the price or cost of the missing or non-conforming item.

For example, where a tender for goods does not include the price of a spare part or consumable item, the price of the missing item should be added to the tender price, using the highest price for the same item from the other tenders.

#### **10.6.1.7 Comparison and Ranking of Bids**

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.

For merit point systems the combined technical and financial scores are calculated to determine the winning bidder.

In either case, the ranking of bidders may still be subject to:

- the application of any cross-discounts, dependant on the simultaneous award of multiple contracts or lots, and

- Post-qualification evaluation, or, if pre-qualification has occurred, reconfirmation of pre-qualification information.

### **10.6.1.8 Identification of winning bidder**

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.

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 AfricaRice. Therefore, post-qualification shall be conducted with the winning bidder in accordance with the tender evaluation process.

The level of post-qualification that is required is dependent on the value and complexity of the procurement, and judgment should be applied when determining the extent to which post-qualification should be conducted.

## **10.7 Negotiations**

Once a supplier has been notified of the AfricaRice 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.

Negotiations are undertaken after selection and before the award of contract, with the purpose of ensuring best value for money for AfricaRice whilst maintaining fairness, integrity and transparency.

Negotiations should not normally be conducted, except where there is a reasonable justification, this may include:

- Where the Non Competitive process has been utilized, or where there is only one possible bidder due to justified single-source requirements,
- Negotiations (including price) may be undertaken in 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,
- 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
- 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.

Negotiations must be approved by the relevant authority prior to commencement and must involve two (2) AfricaRice personnel as a minimum.

All negotiation minutes should be fully documented.

### **10.8 Post-qualification of Bids**

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.

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.

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.

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.

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. 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.

#### **10.8.1 Post-qualification – supplier background checks**

Initial supplier background checks shall be conducted regardless of the value of the contract to be awarded. These should include as a minimum:

- A basic internet search, telephone call or email to determine if the company exist,
- 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),
- Verification of supplier references (if requested as part of the tender response),
- Ensuring that the supplier is not barred from entering into contracts with AfricaRice or relevant government/ donor/ organization such as the United Nation, World Bank etc.

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:

- Conduct a site visit to the suppliers stated location,
- Verify information contained in corporate registries,
- Analysis of the litigation history of the supplier,
- Verification of the compliance policies of the supplier,
- Review the payment procedures and banking history of the supplier.

### **10.8.2 Post-qualification – Financial due diligence**

The purpose of conducting financial due diligence is to ascertain the suppliers financial capacity to perform the contract.

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 organization), covering the period of the last three (3) years.

A range of financial ratios can then be applied to determine the suppliers' financial capacity: Net profit margin, Return on assets; Return on equity; Quick ratio / Acid-test; Debt-to-equity.

It should be noted that the ratios indicated 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

### **10.9 Tender committee report**

The Secretary of the Tender committee: The Procurement Unit staff will prepare an evaluation report for the review of the Director of Finance and Corporate Services.

The Tender committee report should be prepared using a standard format and include:

- A summary of the tenders received and opened,
- A comparative analysis form,
- The results of the preliminary examination,
- The results of the technical evaluation,
- Reasons why any tenders were declared non-responsive,
- Details of any non-material deviations, which were accepted and the way in which they were quantified and taken into account in the financial evaluation,
- Extensions of the tender validity,
- The evaluated price of each tender, showing any corrections or adjustments to the tender price and any conversion to a common currency,
- An explanation of:
  - i) Any inconsistencies between prices and modifications to prices read out at tender opening,
  - ii) Any substantial corrections for arithmetic errors which may affect the ranking of bidders,
  - iii) Any additions, adjustments, and priced deviations that may affect the ranking of bidders, and
  - iv) Any discounts not read out and recorded at the tender opening.
- The ranking of the tenders, according to their total evaluated price,
- A statement of the lowest evaluated substantially responsive tender, for each lot where applicable, clearly establishing the actual amount of the contract award,
- Confirmation that the total price quoted by the lowest evaluated responsive tender is acceptable compared with the original estimated cost of the procurement,
- The results of any post-qualification examination, and

- A recommendation to award the contract or contracts to the lowest evaluated responsive bidder or combination of bidders, or other appropriate recommendation, such as the cancellation of the procurement process.

The Tender committee may recommend that all of the Tenders be rejected if:

- None of the tenders are found to be responsive,
- All of the tenders are unreasonably high in price compared to the cost estimate,
- None of the bidders are qualified, or
- 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).

Attach to the report:

- Copies of any letters from bidders requesting clarifications, and responses by the Procurement Unit and tender clarifications requested by the Tender committee and bidders' responses,
- Any separate evaluation report from a consultant, if one was engaged for this purpose,
- All required tables and supporting documents.

Ensure that the report is double-checked, complete, signed by all tender committee members before submitting to the approval of the Director General or Director of Finance and Corporate Services in accordance with the center's threshold.

## **11. Purchase Order/Contract initiation**

Acquisition of goods and services must always be supported by contractual documentation.

Both Purchase Order (PO) and Contract are contractual documentation. Either POs or Contracts can be used for purchases. However, the Contract will be registered as a PO and will be assigned a PO number, which will populate on the Contract documents for tracking purposes.

### **11.1 Purchase Order Initiation**

Once the processing of Requisition is completed and vendor selected through the appropriate competitive process, a Purchase Order (PO) will be issued in favor of the selected vendor.

The Purchase Order (PO) represents the engagement of AfricaRice with reference to a third party. PO has to be signed according to Accounting Policies Manual defined by HQ.

All orders to vendors for goods, works and services should be issued on a standard AfricaRice Purchase Order form, excluding minor purchases made with petty cash, and not requiring reporting.

All Purchase Orders must be raised by the Procurement Unit electronically through the Center's accounting System called One Corporate System (OCS).

**Annex G describes the process used in raising a Purchase Order in OCS.**

In stations where OCS is not fully functional, a manual Purchase Order must be created and issued to suppliers. The Head of Accounting in stations must always ensure the availability of funds before any PO is issued to supplier.

For budget issues, all stations are encouraged to use the OCS system as much as Possible especially for raising Purchases Orders.

## **11.2 Purchase Order Approval matrix**

Authorization for approving / signing Purchase Orders and Amendment Orders within approved budgets will be as follows and will be subject to changes as per delegation of authority in force from time to time.

### **PURCHASE ORDER AUTHORIZATION – Levels of Authority**

**The following staff members are authorized to sign purchase orders within the following monetary limits**

**Head of Accounting                      from 0 to 9999 US\$**  
**Director of Finance and CS    from 10000 to 49999 US\$**  
**Director General. Full powers**

**Important Note: Any Amended PO must be re-submitted to the authority of the person who previously approved the PO together with a justification of the change.  
A Purchase Order can only be amended up to 5% of its initial total value.  
When the change is more than 5% of the PO's initial value a supplementary PO has to be made.**

## **11.3 Contract award**

A contract is a more detailed document than a Purchase Order.

AfricaRice 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. The winning bidder should be notified in writing, by letter or email, regarding the provisional award of contract subject to contract signature taking place.

Following the notification as detailed above, the Procurement Unit will prepare the draft contract document. For all contracts, the following action will be taken:

- Preparation of the draft contract with the assistance of relevant technical services,
- Preparation of Purchase Order including any specific terms of contract,
- Assemble the contract documents including all attachments forming part of the contract, and submit to AfricaRice's Legal Advisor/a competent Legal Officer or to the designated authority, for vetting of the contract,
- Send the Draft of the contract to the Successful bidder for his review before finalizing,

- AfricaRice 's legal Advisor/a competent legal Officer or designated authority will vet the contract documents, other than Purchase Orders without special conditions of contract, to ensure that the interest of the AfricaRice is protected.

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

- Finalize the contract as vetted in two originals. The supplier shall retain an original and AfricaRice shall retain the other original,
- Submit the contract to the approval of the designated authority; **All Contract's approval shall done by Director of Finance and Corporate Services or Director General if the amount falls within his approval hierarchy.**

Following the signature by both parties to the contract, The Procurement Unit may keep a copy of the signed document for their records.

**A standard contract document should be used at all times, with little modification in the General Conditions of Contract, except where approval has been granted by AfricaRice Legal Advisor/designated authority.**

**The following aspects should be taken into consideration when awarding a contract.**

### **11.3.1 Advance payment**

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 AfricaRice procurement processes.

#### **a) 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 AfricaRice. 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.

In cases when international suppliers require an advance payment, Procurement Unit must ensure that the supplier are reliable and truly before allowing advance payment.

#### **b) Advance Payments for Works and Consultant Services**

The provision of advance payments for mobilisation 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 AfricaRice. 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.

### **11.3.2 Performance Securities**

Performance securities from a supplier or contractor are used to protect AfricaRice 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 AfricaRice 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.

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 a 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 bidding documents. Contracts for works and single responsibility contracts shall require security in an amount sufficient to protect AfricaRice 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.

The amount of the 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 AfricaRice. 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.

Any requirement for a 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 AfricaRice may suffer in the event of any default by the supplier or contractor.

#### **c) Advance payment securities**

Where advance payments of **USD 10,000** 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 AfricaRice may call for payment.

### **11.3.3 Retention**

Retentions are usually applicable to works projects or occasionally to the supply of machinery and equipment.

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, a 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.

The balance of any Retention monies are only released to the supplier or contractor on satisfactory completion of the guarantee or warranty period stated in the contract.

## **11.4 Different types of contracts**

There are a number of common types of contracts. The contract should be drawn up with the objective of equitably distributing the obligations and risks related to the procurement so as to obtain the most economical price and efficient execution

### **11.4.1 Firm Fixed Price Contracts**

Firm fixed price contracts are used for the purchase of simple goods and commodities where the supplier is required to deliver items under a purchase order.

### **11.4.2 Lump Sum Contracts**

Lump sum contracts are used mainly for assignments in which the content and the duration of the services and the required output of the consultants are clearly defined. They are widely used for simple planning and feasibility studies, environmental studies, detailed design of standard or common structures, preparation of data processing systems, and so forth. Payments are linked to outputs (deliverables), such as reports, drawings, and bills of quantities, bidding documents, and software programs. With lump sum contracts, payments are made on clearly specified outputs.

### **11.4.3 Time-Based contracts**

This type of contract is appropriate when it is difficult to define the scope and the length of services, either because the services are related to activities by others for which the completion period may vary, or because the input of the consultants required to attain the objectives of the assignment is difficult to assess. This type of contract is widely used for complex studies, research, and supervision of construction, advisory services, and most training assignments. Payments are based on agreed hourly, daily, weekly, or monthly rates for staff (who are normally named in the contract) and on reimbursable items using actual expenses and/or agreed unit prices. The rates for staff include salary, social costs, overhead, fee (or profit), and, where appropriate, special allowances. This type of contract shall include a maximum amount of total payments to be made to the consultants. This ceiling amount should include a contingency allowance for unforeseen work and duration, and provision for price adjustments, where appropriate. Time-based contracts need to be closely monitored and administered by the Center to ensure that the assignment is progressing satisfactorily.

## **11.5 Notification to unsuccessful bidders**

Notification should be sent to the unsuccessful bidders upon signature of contract with the winning bidder. Any applicable bid securities should be returned to the unsuccessful bidders at this time.

### **11.6 Complaints by Bidders and other stakeholders**

Bidders and other stakeholders shall be allowed to lodge complaints during any stage of the bidding process. The complaints should be addressed to the Director General.

Complaints must be investigated by Complaints Handling Committee chaired by the Internal Auditor and all findings reported to the Director General.

Upon receipt of a written complaint, the Director General 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 five (5) calendar days of receipt of his complaint.

No complaint shall be entertained after five (5) calendar days upon notification of award. Where investigations indicate that the bidder has a valid complaint that may have affected the award of contract:

- no award of contract shall be made pending resolution of the dispute, or
- a notice suspending performance of the contract shall be sent to the supplier awarded the contract,
- 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 5 days, the contract shall be terminated and the Complaints Handling Committee recommend for debarring the supplier from participating in AfricaRice procurement for a set period of time,
- if an award of contract was made incorrectly due to internal failures within AfricaRice to follow the procedures established in the Manual, the Complaints Handling Committee shall recommend any disciplinary action to be taken against by AfricaRice Staff concerned, and determine the specific actions necessary to resolve the complaint and award of contract.

## CHAPTER 4: PROCUREMENT PROCESS OVERVIEW: POSTCONTRACT ACTIVITIES

### 1. Execution and management of contracts

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 outputs required from the contract and providing value for money. It also protects the rights of the parties and ensures required performance when circumstances change.

The Procurement Unit and the User department 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.

There are many issues that need to be dealt with, monitored and resolved before the contract reaches its conclusion including:

- Contract Effectiveness,
- Delivery and Inspections of Goods,
- Payments to the Supplier,
- Performance Monitoring for Services and Works,
- Contractual Disputes,
- Delays in Performance,
- Claims for Damages,
- Initial and Final Takeover of construction works,
- Installation and Commissioning of Equipment,
- Acceptance of Deliverables,
- Release of Performance Securities and Retentions,
- Contract Closure.

### 2. Contract effectiveness

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

- Receipt by AfricaRice of a Performance Security if applicable,
- Receipt by AfricaRice of an Advance Payment Security if applicable,
- Receipt by the Supplier/Contractor of requested Advance Payment, or
- Handing over of the site in case of works.

The contract shall specify the conditions for effectiveness.

### **3. Contract supervision and administration: Goods**

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.

Contract supervision and administration for goods will be undertaken by the Procurement Unit in conjunction with the User department, as appropriate. Supervision shall entail the following:

- Monitoring the delivery schedules of all purchases to ensure that they are dispatched, delivered or collected on time,
- Receiving reports on any pre-shipment inspection of goods and contact the supplier in writing requesting rectification of any discrepancies or deficiencies,
- Contacting the supplier or shipper to identify the causes of any delay in delivery,
- Initiating and supervising any process for claims against insurance or the supplier,
- Reporting to the relevant authority where appropriate any failure by the Supplier in his contractual obligations,
- Undertaking customs clearance and payment of handling fees at the port of entry for imported goods.

#### **3.1 Pre-shipment inspection of Goods**

As a quality control measure, Pre-shipment Inspection (PSI) of goods may be required by AfricaRice for specialized goods to ensure that the right goods are shipped.

When pre-shipment inspection of goods is specified in the contract, a third-party agent or a technical team shall be appointed by the AfricaRice. The inspector shall carry out the inspection to ensure that the goods and packing are in strict conformity with the requirements. Inspection agents shall be recruited through an appropriate procurement method.

#### **3.2 Receipt and inspection of Goods**

##### **3.2.1 Delivery of Goods**

###### **a) Goods procured through Request for quotation**

Upon delivery by a supplier, the Stores Unit shall:

- Receive the goods into temporary storage,
- Examine the apparent condition of the goods and packing,
- The receiver (Storekeeper) shall sign on the delivery note/shipment documents to acknowledge receipt,
- Inform the requestor of the delivery of the Goods and,
- Prepare a Good Received Note (GRN) in One Corporate System (OCS). **Annex H** describes the steps used in preparing a GRN in OCS,
- Provide the Procurement Unit with a copy of GRN and any relevant documentation provided by the supplier or shipper.

**b) For Goods purchases through Tender process**

Upon delivery by a supplier, the Stores Unit shall follow the same process as described above **only that:**

- at least two members of the tender committee or person delegated by the member of the tender committee, who have previously participated in the selection of the supplier should be invited for the reception and inspection of the Goods,
- Together with the Procurement Unit, Stores Unit should arrange Inspection and to notify the Supplier of the date and time of the formal inspection of the delivery,
- A copy of the delivery and inspection report should be sent to The Procurement Unit, Stores Unit and to the User department,
- A Good Receipt Note (GRN) should be established following the official reception of the delivery.

***NB: In the absence of a Store Unit/Storekeeper, someone together with a staff in Procurement Unit should be appointed for reception and inspection of Goods.***

**3.2.2 Inspection of Goods by the Inspection and Receiving Team**

The Inspection and Receiving Team shall be constituted within three (3) days following the arrival of the goods, and in the presence of the Supplier's representative if possible, will:

- Examine the documentation and packaging for compliance with the contract,
- Ask the Supplier to open the packages (or arrange opening of the packages at the Supplier's expense),
- Examine and analyse the goods for conformity with the contract specifications and/or the samples provided,
- Reject all goods that are damaged or do not conform to the required specifications or samples,
- 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,
- Release accepted goods to User department,
- The Inspection and Receiving Team Report shall be forwarded to the respective Procurement Unit, Stores Unit and/or User department as appropriate, for raising Goods Received Note (GRN), processing of payment to the supplier and for record purposes.

**3.3 Payment of Goods**

For simple payments against invoices, the Procurement Unit will:

- Submit the invoice for an authorization to pay of the Head of User Department,
- Prepare and Submit Request for Payment for the Director of Finance and Corporate Services' approval,
- Forward an approved request for payment to Finance with the following attachments:
  - i. original invoice from the Supplier with the \*OK TO PAY\* of the User department,
  - ii. shipping documents or airway bill, or a delivery note,
  - iii. original of the Inspection Report when applicable,

- iv. a Goods Receipt Note (GRN) generated by OCS,
- v. calculation of any penalties for rejected goods not removed by the Supplier, and any liquidated damages if allowable under the contract,
- vi. copies of the approved contract document/Purchase Order.

Procurement Unit must keep record of all requests for payment sent to Finance Unit.

#### **4. 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 AfricaRice. 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 AfricaRice.

The Project Manager and the Supervising Engineer shall work in close collaboration with AfricaRice in all technical matters.

In this case the supervising Engineer could be an appointed architect or architectural firm working on behalf of AfricaRice.

##### **4.1 Contract supervision**

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

- The Supervising Engineer/Project Manager usually acts at the first level in settlement of disputes and must ensure that AfricaRice 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 AfricaRice,
- 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,
- 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.

##### **4.2 Payment of Works**

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 Team on provisional or final takeover.

The Procurement Unit will ensure that:

- any required retention specified under the contract is deducted from the value of the Certificate before payment,
- on issue of an interim takeover certificate by the Inspection and Receiving Team or project Manager, part of any retention monies held may be paid to the contractor if specified in the contract,
- On issue of a final takeover certificate by the Project Manager or Asset owner, the balance of any retention monies is paid to the contractor.

## **5. Contract supervision and administration-services**

### **5.1 Contract supervision**

Contract supervision and administration for simple routine services such as office cleaning, security services, etc., will be undertaken by the office in charge of facilities Management and Administration.

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.

The contract will usually nominate a Project Manager to coordinate supervision and administration.

The Person in charge of supervising and administrating the service contract will:

- 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,
- Ensure that all contractual obligations of AfricaRice are performed promptly and efficiently,
- Ensure that all deliverables (and especially reports) are reviewed immediately and responded to in writing where necessary,
- Contact the service provider to identify the causes of any failings in performance or failure to meet targets,
- Report to the Procurement Unit any continued breach by the service provider of his contractual obligations,
- Procurement Unit Will Issue a formal letter, to the service provider detailing the complaint and a reasonable time to provide the needful. A delay by the service provider in the performance of obligations may render him liable to liquidated damages if specified in the contract document.

### **5.2 Payment for services**

Payment for service contracts shall be made according to the specific terms of each contract against invoiced claims by the service provider.

The Project Manager will ensure that:

- The invoice claim is justified by the evidence of timesheets, submission and acceptance of deliverables, or other criteria as specified in the contract,
- Agreed deductions in respect of any advance payment are deducted from the value of the invoice before payment.

**NB: Kindly note that for all payment request for goods works and services a Good Received Note (GRN) (whether partial or full) must be generated through OCS. The request of payment form initiated by Procurement Unit must also be approved by The Director of Finance and submitted to Finance Unit for processing.**

## **6. Contract performance**

### **6.1 Monitoring supplier's obligations**

The Supplier or Contractor's performance against the contract must be monitored on a routine basis.

The Procurement Unit will:

- notify the Supplier or Contractor immediately in writing of any failings in performance,
- update the contract file and Contract Register regularly to reflect the monitoring of performance,
- ensure that the relevant authority is informed of any serious failings in performance.

### **6.2 Performance of AfricaRice Obligations**

The Contract may impose certain conditions on AfricaRice which, if not complied with, may affect the Supplier or Contractor's performance including:

- Payment within the contracted time limits,
- Preparation of clearing documents for goods imported,
- Approval of drawings or reports within the set time periods,
- Provision of storage or working facilities and access permits,
- Conditions relating to the provision of support services by AfricaRice (e.g. letters of invitation for visas, provision of office space, etc.),
- Ensure that all contractual obligations of AfricaRice are planned and performed without undue delay.

### **6.3 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:

- In accordance with the contract conditions, the Supplier, Contractor, must notify AfricaRice in writing of the conditions delaying performance, including full details of the delay, the likely duration and the cause(s),
- The Procurement Unit or User department, 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,
- 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,
- 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:
  - i. the delay is as a result of Force Majeure,
  - ii. there is no provision for liquidated damages in the contract,
  - iii. an extension of time is agreed between the two parties without the application of liquidated damages.

#### **6.4 Resolutions of Disputes**

Most minor disputes may be resolved by amicably and by agreement between AfricaRice and the Supplier or Contractor to rectify the cause of complaint.

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.

The Procurement Unit shall prepare any necessary addendum to the Contract, for review and approval of the designated authority.

#### **6.5 Termination of the contract**

The parties to the contract normally have the right to terminate the contract, but to protect AfricaRice's interests, advice of a legal counsel and the relevant authority should always be sought if AfricaRice 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 and shall prepare necessary correspondences in relation to termination of contract and settlement of any contractual penalties.

#### **6.6 Contract amendment**

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 AfricaRice, agreements to extend the time schedule, or from specified increases or decreases in commodity prices permitted in the contract.

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.

The Procurement Unit will:

- Identify and agree with user department/Requestor 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,
- Issue supplementary Purchase Order: the supplementary Purchase Order must be submitted to the approval of the Authority who has first approved the order,
- For contracts, prepare an addendum for any change of the established contracts terms,
- Send the addendum to the Legal advisor/counsel or equivalent for vetting,
- Following approval by the relevant authority; Procurement Unit should:
  - i. record any change in the value of the contract in the Contracts Register,
  - ii. record any other contractual changes in the Contract Register,
  - iii. arrange for supplier or contractor signature of the contract/Purchase Order amendment,
  - iv. obtain from the supplier/contractor any necessary addition to the performance security,
  - v. Distribute copies in the same way as the original contract.

## **CHAPTER 5: SUPPLIER SELECTION, REGISTRATION AND MANAGEMENT**

### **1. Supplier's identification methods**

It is necessary to identify suitable suppliers who are capable of fulfilling procurement requirements prior to the issue of bidding documents or request for quotes.

The following methods can be employed to identify suppliers who are capable of fulfilling the requirement for goods, services or works:

- (i) Market Research,
- (ii) Request for Information (RFI),
- (iii) Pre-qualification of bidders,
- (iv) Request for Expressions of Interest (EOI),
- (v) Use of Supplier Registers.

#### **1.1 Market Research**

Market research is the process of collecting and analyzing information about the industry sector and overall market supply. Market research can also be conducted in conjunction with requirements definition and can be a useful tool in the development of specifications.

The following tools can help to facilitate market research in order to gain a broader understanding of the goods, services or works to be procured and the market conditions for the requisite procurement:

- Advertisements of business opportunities,
- Supplier registers,
- Lessons learned from previous procurement exercises for similar products and consultations with colleagues,
- External sources such as market surveys, the internet and supplier industry websites;
- Commercial/specialized journals,
- Beneficiary governments, clients, donors, funding sources,
- Ask suppliers (RFI) Ask other buyers,
- Market analysis consultant (x) Professional Bodies,
- Industry bodies.

#### **1.2 Request for Information (RFI)**

A request for information (RFI) is used to obtain information that can be used to identify available or potential solutions to fulfil the identified needs.

The information received in response to an RFI is not used to qualify suppliers, but the information can be used to ascertain cost or delivery information, as well as potential alternative products that are capable of fulfilling a requirement.

There are no minimum timescales required to conduct an RFI, though the process will result in an increased timescale for the procurement activity. The RFI shall be published on AfricaRice's website and/or widely read journals.

### **1.3 Pre-qualifications of bidders**

Pre-qualification is a formal method of assessing suppliers against pre-determined criteria and only suppliers who meet established criteria are invited to bid.

Pre-qualification of bidders:

- is appropriate for large or complex works, or in other circumstances when the high costs of preparing detailed bids could discourage competition,
- is often used for custom-designed equipment, industrial plant, consulting services, and contracts to be let under turnkey, design and build, or management contracting,
- ensures that invitations to bid are extended only to those who have adequate capabilities and resources,
- helps to ensure that only bids from competent suppliers and contractors are considered and eliminates disputes that may arise from rejection of lowest bids because the bidders are not considered qualified,
- helps to establish a Supplier Standing list.

Pre-qualification is based upon the capability and resources of prospective bidders to perform the particular contract satisfactorily, taking into account:

- experience and past performance on similar contracts,
- capabilities with respect to personnel, equipment and construction or manufacturing facilities,
- required licensing and professional registrations,
- commercial and financial resources,
- legal capacity to enter into a contract,
- that they are not insolvent, in receivership, bankrupt or being wound up, their business activities shall not have been suspended and shall not be subject to any legal proceeding.
- that they have fulfilled their obligations in paying taxes.

The invitation to pre-qualify for bidding on specific contracts or groups of similar contracts shall be advertised in the same way as an Open Competition. The scope of the contract and a detailed statement of the requirements for qualification must be provided in the advertisement.

A pre-qualification exercise should be advertised for a minimum of **two (2) weeks** to allow suppliers sufficient time to respond.

A formal opening of submissions is required and a formal evaluation of the capabilities of each supplier is required against the criteria as stated in the advertisement.

- Where a large number of suppliers pass the stated qualification criteria, it may not be realistic to invite more than a maximum of eight (8) to participate in the specific tender. If so, only the highest-ranking suppliers should be selected and invited to bid,
- All applicants that are evaluated to have met the specified criteria may be added to the standing Registers of Suppliers,
- Inform all applicants of the results of pre-qualification and/or acceptance to the Register of pre-qualified suppliers. Applicants who fail to meet the prequalification criteria should be briefly advised of the reasons. No further correspondence shall be entered into regarding applications,
- When pre-qualification is completed, the bidding documents shall be issued to all qualified bidders or to an appropriate shortlist of the qualified bidders.

### **1.3.1 Pre-qualification Standing list/supplier register**

Supplier prequalification may be undertaken in order to make the buying process more efficient. However, no minimum/maximum threshold exists for this.

Suppliers can be prequalified and categorized by items or areas of specialization. Prequalification is the process used to obtain a standing list of qualified suppliers: supply register, who will be requested to provide priced quotations when there is a need. The prequalification document will indicate that the information is for capability registration purposes only and does not constitute a purchase order /award contract.

Prequalification is based upon the capability and resources of prospective bidders to perform satisfactorily.

The pre-qualification process as described the section 1.3 above, involves the invitation, receipt and evaluation of applications to pre-qualify.

The steps below are to be followed:

- The invitation to prequalify is prepared and issued by the Procurement Unit. The invitation can be published as an advert in the widely read journal/newspapers/magazine, on AfricaRice's website or sent to identified potential suppliers,
- It is important to set the prequalification criteria at a level to ensure that only the best suppliers are selected,
- On receipt of submissions a formal evaluation of each supplier is made against the stated criteria,
- All applicants that meet all the specified criteria are prequalified,
- All applicants must be informed of the results of the prequalification.

The Procurement Unit must keep records of:

- the potential bidders to whom the pre-qualification document is issued,
- the potential bidders submitting applications,
- the evaluation of applications, and
- the list of pre-qualified bidders.

Copies of all the pre-qualification documents, including those of the suppliers who were not successful, should be sent to the approval of the Director of Finance and Corporate Services at Headquarters and by the Head of Stations in Outstations, for inclusion in the supplier Register for future reference.

#### **1.4 Request for Expressions of Interests (EOI)**

The Expression of Interest (EOI) procedure obtains and assesses information on the qualifications and experience of potential bidders, in order to restrict actual bidding to a list of qualified bidders. This is achieved through the publication of a notice calling for expressions of interest, the receipt and assessment of expressions of interest and the development of a limited shortlist.

The EOI procedure may be used under the RFP method only. It is used for **consultancy services only**.

Shortlisting of consultants is strongly recommended to ensure the participation of consultants with the necessary technical skills and resources.

A request for EOI is similar to a pre-qualification however it is used primarily to create a shortlist of consultants. Consultants who meet the necessary minimum requirements are then invited to submit a proposal to fulfil the projects requirements.

##### **Advertising for Expressions of Interest**

- AfricaRice shall advertise the consulting assignment publicly to obtain expressions of interest (EOI),
- The advertisement shall be published on AfricaRice website and/or widely read journal/newspapers/magazine,
- Additionally, contacting professional organizations and firms that are known to AfricaRice, with a copy of the request to submit expressions of interest may prove useful,
- The information requested in EOIs should be the minimum required to make a judgment on the firm's suitability but not be so complex as to discourage consultants from responding,
- Sufficient time (not less than two weeks) should be allowed for responses, before preparation of the short list.

#### **1.5 Use of Suppliers Registers**

AfricaRice should maintain a register of suppliers which can be used in addition to the supplier identification methods mentioned above.

More details about supplier registration will be provided below.

## 2. Supplier registration

### 2.1 Supplier Register

AfricaRice maintains a centralized electronic Suppliers Registers in OCS for sourcing the supply of AfricaRice's needs for goods, services and works to Headquarters and outstations. The supplier registered on the electronic register have at **least once been awarded a Purchase Order**. Additionally, a separate manual register is kept for Potentials vendors who have passed a minimum evaluation criteria and may also be consulted anytime the need arise.

AfricaRice identifies potential recipients of Solicitation Documents from both the manual and electronic registers.

Using established criteria, AfricaRice evaluates vendors' applications to determine whether the application complies with AfricaRice requirements and are thus eligible for registration. Successful applicants are duly registered in the Supplier Registers, in respect of the commodities or services for which the applicant has been found eligible.

### 2.2 General overview of the registration process

The registration process consists of the following:

The applicant registers by completing a Vendor Identification form (VIF) Annex I and attaches the necessary documents as required by AfricaRice.

Procurement Unit evaluates the VIF, ensuring that the Pre-requisites for Eligibility are met by the applicant, and applying the evaluation criteria established and mentioned below in **section 2.4**

Registration is subject to the following:

- All information provided by Suppliers must be certified as true and correct, subject to applicable AfricaRice's remedies at any time at The Centre's discretion,
- AfricaRice may unilaterally seek at any time to clarify and/or conduct further research on any concern it may have regarding the eligibility of a Vendor (including an existing one) for registration and take such action as it may deem appropriate under the circumstances.

Registration of a Supplier in the Register indicates that the Supplier is eligible to participate in AfricaRice procurement with respect to goods and/or services for which it is registered. It does not guarantee that the supplier will be selected to participate in any Solicitation or be awarded any Contract.

### 2.3 Pre-requisites for supplier 's eligibility

As part of the registration application all Suppliers are required to declare (both for parent and/or subsidiary entities, as applicable) that:

- they are not currently suspended by any CG's Centers, the United Nations or the World Bank,
- they are not under formal investigation, nor have been sanctioned within the preceding three (3) years, by any national authority for engaging or having engaged in proscribed practices, including but not limited to: corruption, fraud, coercion, collusion, obstruction, or any other unethical practice,
- they have not declared bankruptcy, are not involved in bankruptcy or receivership proceedings, and there is no judgment or pending legal action against them that could impair their operations in the foreseeable future,
- they undertake not to engage in proscribed practices (including but not limited to: corruption, fraud, coercion, collusion, obstruction, or any other unethical practice), with AfricaRice or any other party, and to conduct business in a manner that averts any financial, operational, reputational or other undue risk to AfricaRice.

AfricaRice shall use the Pre-requisites for Eligibility criteria, and related documentation when appropriate, in order to assess Suppliers' eligibility both at the time of registration and at all times after they have been included in the Register of Vendors.

In the case that a Vendor's situation changes with regard to any of the statements listed under above in this Section, after having been included in the Register of Vendors, the Vendor shall immediately inform AfricaRice thereof. Non-compliance with this requirement may render the Vendor ineligible.

## **2.4 Steps to be followed for supplier registration**

### **2.4.1 Step 1: Supplier Registration**

In order to be considered for registration on AfricaRice's supplier registers, suppliers must provide the information and documents listed below:

- A filled "Vendor Identification Form" (**Annex I**); The form should be made available to all potential vendors,
- Certificate of incorporation or equivalent document verifying legal status/capacity and any other administrative documents such as a proof of Tax payment etc.,
- Three letters of reference or a list of at least three (3) independent, non-affiliated clients/companies whom the supplier has conducted business with, including sufficient detail of the reference projects (client name and contact details, description of the project / work undertaken),
- An acceptance to "AfricaRice Supplier code of Conduct" **Annex J**,
- An acceptance to "AfricaRice General Procurement Terms & Conditions" **Annex K**.

### **2.4.2 Step2: Supplier evaluation**

For Supplier evaluation, Procurement Unit should:

- Determine the reputation of the supplier on the market,
- Obtain references from other research organizations dealing with the supplier under evaluation,

- Determine the type of supplier (manufacturer, wholesaler, retailer, trader etc.),
- Access the quality of goods proposed,
- Confirm warranty, maintenance facilities and repair services,
- Evaluate whether the supplier is in sound financial condition; (Procurement might require if necessary, Financial documentation such as Income statement and Balance sheet: audited/certified financial statements or equivalent),
- Conduct an interview of the supplier and customer service,
- Presentation of the supplier's registration from the Chamber of Industry or Commerce, or an equivalent license or documentation,
- Make a visit to the supplier's premises (for local suppliers).

At any time during the evaluation, the validation process can be stopped if the supplier does not match AfricaRice requirements (e.g. poor reputation, low turnover, middle man, not legally registered supplier, etc.) In such case a file must be kept with written reasons enclosed. If the supplier comes through the evaluation positively, then proceed to validation step.

**Suppliers with positive evaluation results may be registered on the Manual supplier Register.**

### **2.4.3 Step 3: Supplier validation**

The supplier can be validated if the following results are obtained:

- Positive result on commercial interviews such as customer service,
- Positive result on analysis of annual turnover, financial stability, balance sheet (one year normally, three years preferably) and production capacity,
- Positive results on factory/premise visits,
- Positive experience with a test purchase (small quantity) to our satisfaction,
- Duly accepted, stamped and signed AfricaRice's "Vendor Identification Form" (VIF),
- Duly filed, stamped and signed " AfricaRice General Procurement Terms & Conditions ", and
- Duly accepted, stamped and signed "AfricaRice Supplier code of Conduct."

**Any supplier registered in OCS (the electronic supplier register) is considered to be at this stage of the registration process and therefore is a validated supplier.**

## **2.5 Validated Supplier performance Review**

A supplier evaluation and validation should be reviewed on a regular basis, **at least once a year**, focusing on the goods and the level of service provided.

**Regular evaluation of a validated supplier includes:**

- An annual Supplier performance 'evaluation. AfricaRice "Supplier Evaluation Form" Annex L may be used for the purpose,
- Results of the performance evaluation after been approved by The Director of finance and corporate services at Headquarter or Head of stations in outstations, should be shared with the supplier,

- Record of last year's turnover with AfricaRice,
- Product quality complaints, and resolutions if any,
- Service quality complaints.

**Extension of the validation is subject to:**

- Positive Supplier evaluation's results,
- Yearly reception of updated company information and documentation and duly signed "AfricaRice Suppliers Code of Conduct".

## **2.6 Vendor Updating of Registration Application**

All registered Suppliers are required to inform AfricaRice immediately in writing of any material change in the information or documentation provided to AfricaRice, setting out all relevant details.

Upon request of AfricaRice, which may occur as part of a pre-qualification or solicitation exercise, registered vendors shall submit their updated financial documentation and other relevant documentation, such as ISO certifications, licences, etc.

If a Vendor changes its name, the Vendor shall submit the following to Procurement Unit:

- A certified copy of the certificate of incorporation reflecting the name change,
- Written confirmation that the Vendor's tax identification number remains the same. If the Vendor's tax identification number has changed, the Vendor shall complete a new application for registration.

## **2.7 Provisional registration of a supplier**

A Vendor identified through market research or which was pre-qualified or has submitted an Expression of Interest (EOI) in respect of a procurement exercise can be provisionally registered on the Manual Supplier Register on condition that the Vendor provides all documents required for a supplier registration.

## **2.8 Criteria for supplier's suspension or removal.**

The following circumstances, when based on substantial and documented evidence, shall be factors for considering whether to suspend or remove a Supplier from the Register:

- The Supplier has failed to adhere to the terms and conditions of one or more Contracts with AfricaRice, as to justify suspension or removal from the Supplier Register,
- Genuine concern about the Vendor's ability to satisfactorily perform contractual obligations, such as filing for bankruptcy or entry into receivership,
- Violation of any of the pre-requisite conditions (section 2.3) after having confirmed to meet the prerequisites for eligibility and having been duly registered,
- Negative results on the annual performance evaluation.

Evidence of failure to adhere to the terms and conditions of a Contract by a Supplier should not automatically warrant suspension or removal from the Supplier Register.

Removal or suspension of a Supplier may require authorization from Director of Finance and Corporate Services at Headquarter and Head for Station for outstations prior to such action being taken, as appropriate.

The designated authority shall thoroughly consider any mitigating factors prior to recommending suspension or removal of a Vendor from the Suppliers Registers.

## 2.9 Supplier status

The suppliers may have a different status, depending at which stage of the evaluation process they are. For a tender process, your selected suppliers may be any status unless they have been suspended.

### Terms used to define the status of suppliers

Term	Definition	Selection
<b>Non-registered</b>	Potential suppliers	Could be selected for quotations & tenders
<b>Registered</b>	Suppliers that have successfully passed Step 1 and Step 2 described above in section 2.4 and that are not yet validated	Could be selected for quotations & tenders.
<b>Validated</b>	Suppliers which have been registered (see above) and which have successfully been validated to provide a particular goods/works /services. Generally, at this stage the supplier is registered in OCS. Validated supplier's performance should be evaluated at least once a year.	Could be selected for quotations and Tenders.
<b>Suspended</b>	Validated supplier suspended because of criteria mentioned in section 2.8	Cannot be selected for any Quotations or tenders for a certain period of time.

## 2.10 Categories of Registration

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

- Office Stationery,
- Computer supplies & equipment,
- Office Equipment,
- Laboratory supplies,

- Laboratory equipment,
- Farm supplies,
- Farm & agricultural equipment,
- Vehicles & Motorcycle,
- Tyres and Batteries,
- Vehicle Repairs,
- Telephone& internet services,
- Hotels and Catering services,
- Printing , Advertising & Editing services,
- Travel services,
- Forwarders, couriers, travel & clearing agencies,
- Civils works & construction materials, etc.

### **3. Maintenance and management of supplier register**

The Procurement Unit will maintain or supervise all Registers of Suppliers on the following principles:

- Periodic open advertisement to invite applications,
- Establishment and publication of clear evaluation criteria for acceptance into the defined categories,
- Monitoring and evaluation of the performance of validated suppliers on contracts awarded and removal/suspension from the register , suppliers who fail to perform satisfactorily,
- Registration to be subject to periodic formal renewal, or cancellation if a supplier has not undertaken any AfricaRice contracts within a three (3) year period.

#### **3.1 Additions to supplier registers**

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 at least every two years.

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 manual supplier register.

In open competition, where AfricaRice 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 Manual Supplier Register. Unsolicited application for registration should be accepted after assessment on the basis of the defined registration criteria.

## **CHAPTER 6: COMMUNICATIONS AND RECORDS MANAGEMENT, E PROCUREMENT, MONITORING AND EVALUATION**

### **1. Communication and correspondence**

Correspondence and communications are essential to the management of relationships with suppliers and other bodies, but communications issued by AfricaRice 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 AfricaRice shall emanate only from the Procurement Unit in writing.

### **2. Documentation/Records management**

#### **2.1 Documentary record**

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.

All Procurement Unit Staff shall ensure they obtain, retain and maintain appropriate documentation supporting the activities for which they are responsible.

#### **2.2 Filing/Record management system**

Procurement Unit has a general responsibility for maintaining Procurement Files, Contract Registers and supplier files. 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.

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:

- partial and incomplete records being held by several different sections and individuals,
- Unauthorized access to records, and
- Failure to take any necessary action at the right time.

#### **2.3 Procurement Unit Record Management**

All documents regarding a particular procurement case shall be kept for future reference and monitoring and control purposes.

### **2.3.1 Purchase Order (PO)**

PO Files are to be kept sequentially and separately by PO number provided by OCS.

For each Purchase, a file has to be opened in which the following documents have to be stored:

- Request for Purchase with all related correspondence,
- Request for quotation or tender if any, and all related correspondences,
- Supplier's quotations or tenders,
- Selection table completed/ Evaluation and selection reports,
- Copies of letters to the unsuccessful bidders and awarded supplier(s),
- Purchase Order /contract and all related correspondences,
- Copy of Supplier's Delivery note,
- Copy of OCS/Manual Good Received Note (GRN) for local delivery,
- Copy of the invoice,
- Copy of Waybill (B/L, AWB, etc.) and Packing List/Goods Received Note for international deliveries,
- Copies of any other documents related to the PO such as: shipping advice, transport claims, transit agent invoices, etc.

### **2.3.2 Supplier file**

Supplier Files are kept in alphabetical order by supplier's name.

For each supplier a file has to be opened in which the following documents have to be stored:

- AfricaRice supply registration application form (filled in, stamped, and duly signed),
- AfricaRice General conditions on purchasing (accepted, stamped, and duly signed),
- AfricaRice Supplier Code of Conduct (accepted, stamped and duly signed),
- Company data yearly update/Certificate of incorporation or equivalent document verifying legal status/capacity and any other administrative documents such as a proof of Tax payment etc.,
- Supplier catalogues and Price lists,
- ISO certificate, quality, etc.,
- Supplier performance evaluation form,
- Note for the file if the supplier is suspended,
- Minutes of meetings, visits, correspondence, agreements, complaints and other information.

### **2.3.3 Framework agreement file**

Framework agreement should be kept by contract number and should contained the following documents:

- Tender documents and all related correspondences,
- Suppliers tenders,
- Approved Evaluation and selection reports,
- Copies of letters to the unsuccessful bidders and awarded supplier(s),
- Contract signed by both parties,
- Supplier Performance evaluation form,

- Records of any change/ amendment to the contract terms,
- Minutes of meetings, visits, correspondence, agreements, complaints and other information.

### **3. Electronic Procurement**

Where possible, it is encouraged to give bidders the opportunity to submit their offers electronically. This is an effective way to increase efficiency as well as reducing the environmental impact of traditional paper based tendering.

For electronic submissions, a dedicated portal or email address as appropriate must be set up, and the bidding documents must clearly state that documents received to any other address will be rejected. Bidders should be encouraged to send an electronic proposals password protected in PDF format only.

Bids received electronically should not be printed prior to the bid deadline or official opening in order to ensure that the contents remain confidential.

Bidding documents may also be distributed electronically, as long as all suppliers are treated equally and receive access to the same information at the same time. When distributing bidding documents electronically, the Procurement Unit must ensure that the contacts of the other shortlisted suppliers are kept confidential.

Electronically received bids are legally binding, and it is not necessary for suppliers to submit a hard copy bid also, unless otherwise legally required. The deadline stated in the bidding documents, applies equally to hard copy and electronically received submissions, and AfricaRice will not be responsible for any network problems and format incompatibility. The format for submission shall be specified in the bid document. It is the responsibility of the supplier to ensure that electronically received bids are received on time.

## **4. Procurement Unit's monitoring and evaluation**

### **4.1 Monitoring Mechanism**

Monitoring is an assessment of Procurement execution by the procurement unit in relation to agreed schedules and delivery of the procured goods, works and services. It is an integral part of good procurement management. AfricaRice should install a monitoring and procurement management information system. Its main objective would be to provide continuous feedback on procurement status and to identify actual or potential problems as early as possible to facilitate timely adjustments in the procurement process.

### **4.2 Monitoring and evaluation purpose**

Procurement monitoring and evaluation is a process that must be routinely conducted by the AfricaRice to:

- ensure that procurements are within the annual procurement plan,
- identify weaknesses and delays in the procurement process,
- compare prices against market standards,
- identify the scale and values of common use items that may benefit from the introduction of framework contracts,
- identify regular procurements of identical items which may indicate that requirements have been split to avoid an approval threshold or a procurement procedure,
- assess performance of Procurement Units and Tender committees,
- assess performance of suppliers/contractor/ services providers, and to
- identify any necessary remedial action.

### **4.3 Accountability assessment**

The Procurement unit should prepare an annual report which includes statistics to enable the Center's management to evaluate their procurement operations.

The statistics should include as a minimum:

- Total number of requisitions processed,
- Total number of solicitations made,
- Average number of bids received by solicitation,
- Number of protests,
- Total number of contracts signed,
- Number of contracts and their value according to all types of procurement method (direct contracting, competitive methods),
- Breakdown of types of goods, services, works and aggregate dollar values,
- Number of contract and purchase order amendments,
- Description of ongoing contractual disputes,
- Number of contracts terminated,
- Cases of fraud, corruption,
- Disqualification of firms,
- Findings and recommendations of procurement audits, and
- Any other relevant aspects to enhance the quality of the procurement process.

# ANNEXES