



**The Federal Democratic Republic of Ethiopia
Ministry of Finance and Economic Development
Public Procurement and Property Administration Agency**

PUBLIC PROCUREMENT MANUAL

**Addis Ababa
December 2011**

ACRONYMS

ATSM	American Standard Testing Method
BD	Bidding Documents
BDS	Bidding Data Sheet
BOO	Build Own Operate
BOOT	Build Own Operate Transfer
BOT	Build Own Transfer
DDP	Delivered Duty Paid
EXW	Ex Workshop
FBS	Selection under Fixed Budget
GCC	General Conditions of Contract
ICB	International Competitive Bidding
INN	International Nonproprietary Name
ISO	International Standards Organization
ITB	Invitation to Bidders
ITC	Invitation to Consultants
JV	Joint Venture
JVCA	Joint Venture Consortium or Association
LC	Letter of Credit
LCS	Least Cost Selection
LOI	Letter of Invitation
MOFED	Ministry of Finance and Economic Development
PPA	Public Procurement and Property Administration Agency
QBS	Qualification Based Selection
QCBS	Quality and Cost Based Selection
RFP	Request for Proposals


RFQ	Request for Quotations
SBD	Standard Bidding Documents
SCC	Special Conditions of Contract
TIN	Taxpayer's Identification Number
TOR	Terms of Reference
VAT	Value Added Tax



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Revised in December 2011 by the Public Procurement and Property Administration Agency

December 2011 Revision

This revision is to:

1. Align text of the Public Procurement Manual with the provisions of Ethiopian Federal Government Procurement and Property Administration Proclamation No. 649/2009 that entered into force on the date of publication in the Federal Negarit Gazeta No. 60 on 9th day of September 2009 and the Federal Government Public Procurement Directive issued by the Minister of Finance and Economic Development that entered into force on 8th day of June 2010.
2. Correct various minor mistakes throughout various sections of this Public Procurement Manual, which were identified after the Public Procurement Manual was released.
3. Incorporate, under Appendixes section, newly developed standard forms and templates.

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FEDERAL DEMOCRATIC REPUBLIC OF ETHIOPIA

PUBLIC PROCUREMENT AND PROPERTY ADMINISTRATION AGENCY

PUBLIC PROCUREMENT MANUAL 2011

PREFACE

Procurement means the purchasing, hiring, or obtaining by any other contractual means of goods, works and services. Public procurement is the process of the acquisition, usually by means of a contractual arrangement after public competition, of goods, services, works and other supplies by the public entity. The public procurement process spans the whole life cycle from initial conception and definition of the needs through to the end of the useful life of an asset or the end of a contract.

Before describing step-by-step how procurement should be planned and implemented by Public bodies and supervised by the PPA, it is appropriate to establish why this topic is worthy of attention. This inquiry can be addressed by approaching it from four linked perspectives:

What Constitutes Proficient Public Procurement?

1. What are its distinguishing characteristics?
2. Why is it so important?
3. Why should its achievement and maintenance be a priority concern for the Government?

What Is Good or Proficient Public Procurement? What Does It Look Like?

The words good and proficient are used interchangeably. The principal hallmarks of proficient public procurement are:

1. **Value for money (economy, efficiency, and effectiveness);**
2. **Non discrimination (fairness);**
3. **Transparency; and**
4. **Accountability and Ethical Standards.**

Economy: Procurement is a broad concept, which goes beyond purchasing activity, whose purpose is to give the public body best value for money. Value implies right price, right quality, right time, right place, and right quantity. Moreover, lowest initial price may not equate to lowest cost over the operating life of the item procured. But the basic point is the same: the ultimate purpose of sound procurement is to obtain maximum value for money.

Efficiency: The best public procurement is simple and swift, that meets the public body's need as planned, producing positive results immediately. In addition, efficiency implies practicality, especially in terms of compatibility with the administrative resources, organizational capabilities

of the purchasing entity and its procurement personnel with the planned/envisaged type and volume of procurements.

Effectiveness: Effectiveness means the extent to which the entity is able to procure goods, works and services of quality, in a timely and most economical manner.

Fairness: Good procurement is non-discriminatory, impartial, consistent, and therefore reliable. It offers equal opportunity for all interested contractors, suppliers and consultants by providing a level playing field on which to compete and thereby, directly expands the public body's options and opportunities for getting value for money.

Transparency: Good procurement establishes and then maintains rules and procedures that are accessible, predictable and unambiguous. It should be fair and seen to be fair.

Accountability and Ethical Standards: Good procurement holds its practitioners and other officers responsible for enforcing and obeying the rules. It makes them subject to challenge and to sanction, if appropriate, for neglecting or bending those rules. Accountability is a key inducement to individual and institutional probity, a key deterrent to collusion and corruption, and a key prerequisite for procurement credibility. All procurement officers and other staff should adhere to the professional ethical code.

Procurement Code of Ethics:

It is a serious breach of the public trust to subvert the public procurement process by directing procurement to certain favoured vendors, or to tamper with the competitive bidding process, whether it's done for kickbacks, friendship or any other reason. The Government also requires ethical conduct from those who do business with the government. Contracts will contain a clause stating that any efforts to influence an employee to violate the standards of the code are grounds to void the contract. Vendors to the government are required to certify that they will not attempt to influence any employee to violate the code.

Public employees must discharge their duties impartially so as to assure fair competitive access to governmental procurement by responsible contractors. Moreover, they should conduct themselves in such a manner as to foster public confidence in the integrity of the public body.

General Ethical Standards:

1. It shall be a breach of ethics to attempt to realize personal gain through public employment by any conduct inconsistent with the proper discharge of the employee's duties.
2. It shall be a breach of ethics to attempt to realize influence any public employee to breach the standards of the ethical conduct set out in the code.
3. It shall be a breach of ethics for any employee to participate directly or indirectly in a procurement when the employee knows that:

The employee or any member of the employee's immediate family has a financial interest pertaining to the procurement. A business or organization in which the employee, or any member of the employee's immediate family, has a financial interest pertaining to the procurement; or any other person, business or organization with whom the employee or

any member of the employee's immediate family is negotiating or has an arrangement concerning prospective employment is involved in the procurement.

4. **Gratuities.** It shall be a breach of ethics to offer, give or agree to give any employee or former employee, to solicit, demand, accept or agree to accept from another person, a gratuity or an offer of employment in connection with any decision, approval, disapproval, recommendation, preparation of any part of a program requirement or purchase request, influencing the content of any specification or procurement standard, rendering of advice, investigation, auditing, or in any other advisory capacity in any proceeding or application, request for ruling, determination, claim or controversy, or other particular matter pertaining to any program requirement or a contract or subcontract, or to any solicitation or proposal therefore pending before this government.
5. **Kickbacks.** It shall be a breach of ethics for any payment, gratuity or offer of employment to be made by or on behalf of a subcontractor under a contract to the prime contractor or higher tier subcontractor for any contract, or any person associated therewith, as an inducement for the award of a subcontract or order.
6. **Contract Clause.** The prohibition against gratuities and kickbacks prescribed above shall be conspicuously set forth in every contract and solicitation therefore.
7. It shall be a breach of ethics for any employee or former employee knowingly to use confidential information for actual or anticipated personal gain, or for the actual or anticipated gain of any person.

Proficient or good procurement is one that combines all the above elements. The impact is inspiring confidence and willingness to compete of potential bidders and consultants. The benefit is for the purchasing entity and its constituents; responsive contractors; suppliers; and consultants; donor agency financing projects and programs; and the society at large.

Conversely, a procurement system that takes the above elements stimulates hesitation to compete, by submitting of inflated bids containing risk premiums, or submission of deflated bids followed by delayed or non-performance. Other direct results include collusion in bribery by frustrated or unscrupulous vendors and purchasing entities, bad value for those entities and their constituents, and betrayal and abuse of the public trust for personal gain.

In sum, proficient public procurement is not difficult to describe in principle or to distinguish from its antithesis in practice. But it does require varied professional and technical know-how to establish, as well as discipline and determination to administer.

Why Is Proficient Public Procurement So Important?

Public procurement expenditure forms a significant part of the Government budget and constitutes a significant investment. Those investments, both in physical infrastructure and in strengthened institutional and human capacities, lay foundations for national development. In procurement terms, those inputs are generally grouped into three categories:

- **Works:** mean all work associated with the construction, reconstruction, upgrading, demolition, repair, renovation of a building, road, or structure, as well as services incidental to works, if the value of those services does not exceed that of works themselves and includes build-own-operate, build-own-operate-transfer and build-operate-transfer contracts;

- **Goods:** mean raw material, products and equipment and commodities in solid, liquid or gaseous form, marketable software and live animals as well as installation, transport, maintenance or similar obligations related to supply of the goods if their value does not exceed that of the goods themselves; and “related services” includes services such as transportation, commissioning, insurance, installation, training, and initial maintenance; and
- **Services (consultancy and non-consultancy services):** Services mean any object of procurement other than works, goods and consultancy services such as maintenance, security, janitorial, electricity, telecommunication, and water supply services. Consultancy service means services of an intellectual and advisory nature provided by consultants using their professional skills to study, design, and organize specific projects, advice clients, conduct training and transfer knowledge. These are expert advice and training, conventionally labeled Technical Assistance, as well as such things as building maintenance, computer programming, etc.

The quality, timeliness, local appropriateness and affordability of those procured inputs can largely determine whether the public investments will succeed or fail. So the beneficial impact and contribution of the input, particularly in the case of technical assistance services, can exceed their direct costs, by several orders of magnitude. Yet procurement costs can be substantial, consuming scarce resources of tightly constrained government budgets. Often the required funding must be borrowed. Moreover, the process also consumes scarce skilled public-sector human resources. It takes time, not merely for procurement planning and contracting but also for contract supervision and execution. And much of this process is highly visible, as well as controversial; exposing ministers and civil servants to scrutiny and second-guessing for procurement choices they made deferred or discarded.

The Government’s interest in procurement stems from the provisions of Ethiopian Federal Government Procurement and Property Administration Proclamation No. 649/2009 (hereinafter called the Proclamation) that entered into force on the date of publication in the Federal Negarit Gazeta No. 60 on 9th day of September 2009 and the Federal Government Public Procurement Directive (hereinafter called the Directive) issued by the Minister of Finance and Economic Development (hereinafter called the Minister) that entered into force on 8th day of June 2010, which stipulate that the government funds must be used only for the purpose for which the funds were intended, with due attention to economy and efficiency. The basic concerns that govern procurement policies are:

- To ensure that works, goods, and services needed by a public body are procured with due attention to economy and efficiency;
- To ensure that the funds are used for the planned works, goods, and services;
- To provide equal opportunity for all potential bidders and consultants to compete for a contract;
- To encourage development of domestic contractors and manufacturers in the Federal Democratic Republic of Ethiopia; and
- To ensure that the procurement process is transparent.

The Government procurement policies and Manual have been designed to promote fairness and equal treatment.

INTRODUCTION TO THE PROCUREMENT MANUAL

INTENDED USERS

This Public Procurement Manual (here in after referred as Manual) is a public document issued by the Public Procurement and Property Administration Agency (PPA) as mandated in the Proclamation. The Manual is intended for the use of all public bodies undertaking public procurement using public funds, in accordance with the Proclamation and Directive. Entities outside the coverage area of the Proclamation may use this Manual with the prior consent of their respective relevant authority under jurisdiction.

Objective

The objective of the Manual is to provide guidance to public bodies for effective implementation of their procurements, adhering with the Proclamation and Directive. The Manual provides where necessary, additional interpretations, information, and clarification that would enable the user to follow appropriate methods, processes and procedures in carrying out the various activities required for procurement of works, goods and service

The Manual also includes Guidance notes and Formats that can be used by public bodies, which is consistent with the Proclamation and Directive. The Manual will help public bodies undertaking procurements using public funds to ensure compliance with the Proclamation and Directive.

In addition, the Manual incorporates the financial thresholds (as given in Proclamation and Directive) which are to be observed by public bodies when they are selecting the method of procurement to be used for specific requirements.

The Manual has been prepared as a supplement to the Proclamation and Directive. Where it is considered that the text of the Proclamation and Directive is required it has been repeated verbatim in the Manual. This is to ensure that the Manual provide a complete explanation and similar structural composition of the Proclamation and Directive. However in doing so, it has become necessary to repeat some of the explanations, clarifications and interpretations in more than one place.

In the Manual are added explanatory notes and examples to help users in interpreting the Proclamation and Directive and make use of them. For facilitating the application of the Proclamation and Directive, the Manual has incorporated standard forms to be used by the public bodies along with Guidance Notes, check lists and flow charts that have been attached as Appendices. However, those forms and Guidance Notes which are already contained in the Standard Bidding Documents (SBDs), Request for Proposals (RFPs) or User Guides have not been included in the Manual to avoid duplication.

Procurement is a specialized subject which requires a high degree of knowledge and skill of those who are engaged in procurement of goods, works and services. This Manual will serve as a tool to guide all procurement related staff to carry out their duties correctly.

1. The PPA issued this detailed Manual to guide public bodies in the interpretation and implementation of the Proclamation and Directive for the procurement of goods, works and services. The Manual shall be subject to amendment from time to time as may be

required by the issue of amendments to or new Proclamation and Directive or by a need to amend or clarify the Manual.

2. The PPA shall issue any amendments to the Manual in the same manner as this document has been issued. However, the public bodies can be allowed by the PPA to add other provisions in the Manual to suit their peculiar nature and when such addition is justified provided it is not contrary with the Proclamation and the Directive.

If there is any contradiction, inconsistency or ambiguities between the Proclamation and Directive, and the Manual; and/or for any queries, public bodies may contact or direct their request to the PPA for clarification and/or guidance.

PREAMBLE

The Federal Democratic Republic of Ethiopia considers it necessary to regulate and improve the way in which the public procurement of goods, works and services is undertaken. In order to improve the procurement system, the Government has introduced the Proclamation and Directive.

The purpose of the Manual is to state the ways in which the Proclamation and Directive shall improve public procurement in the Federal Democratic Republic of Ethiopia. These are to:

1. ensure procurement is conducted in the most efficient manner possible;
2. encourage competition between persons and/or firms who are willing to supply/provide goods and services and undertake works in the public sector;
3. ensure that all persons and firms, who are providing works, goods, and services, in the public sector, are treated equally;
4. ensure that public sector procurement is implemented fairly;
5. improve business opportunities within the Federal Democratic Republic of Ethiopia; and
6. introduce the Proclamation, Directive, Standard Bidding Documents and the Manual which shall apply to all public bodies involved in public procurement.

The Proclamation, Directive, and the Manual when used together should ensure that all procurement activities are performed in an appropriate manner and that public bodies, government officials, candidates, bidders, suppliers, contractors, consultants, persons or firms involved in procurement shall be fully accountable for their actions. The Proclamation, Directive, and the Manual stipulate the sanction in the event of non-compliance by any involved party.

Legislation can only provide the overall framework to be followed, and with the increasing importance, value and complexity of procurement, effective guidelines and step-by-step Manual are required to assist procurement staff and officers involved in the procurement process. Therefore, there is a need to provide necessary interpretations, clarifications, instructions and examples in order to make the Proclamation and Directive user friendly. The Procurement Manual is expected to immensely help the procurement units in the relevant public bodies and their officers to apply the Proclamation and Directive correctly and with full confidence. The Manual is also accompanied by standard forms, guidance notes, check lists and flow charts for clear understanding of the Proclamation and Directive. The clarifications, explanations and examples given in the Manual are expected to clarify procurement issues and applications for procurement officer in applying the Proclamation and Directive. Compliance with the Manual along with the Proclamation and Directive is a mandatory requirement for all public bodies.

1 GENERAL PROVISIONS

1.1 SHORT TITLE, COMMENCEMENT AND PURPOSE OF THE PROCLAMATION AND DIRECTIVE

1.1.1 The Official Title of the Proclamation is: Ethiopian Federal Government Procurement and Property Administration Proclamation No. 649/2009 that entered into force on the date of publication in the Federal Negarit Gazeta No. 60 on 9th day of September 2009.

1.1.2 The Official Title of the Directive is: Federal Government Public Procurement Directive issued by the Minister of Finance and Economic Development (hereinafter called the Minister) that entered into force on 8th day of June 2010.

1.1.3 The Proclamation and Directive shall supersede all existing orders, instructions, and directions on public procurement prior to the effective date.

1.1.4 The main purposes as to why the Government has introduced the Proclamation and Directive:

1.1.4.1 to ensure that public procurement promotes value-for-money; and

1.1.4.2 to ensure that public procurement is carried out fairly, openly and without discriminating against any person or firm.

1.2 DEFINITIONS

1.2.1 The following definitions are provided in the Proclamation and the Directive:

1.2.1.1 **“Goods”** mean raw material, products and equipment and commodities in solid, liquid or gaseous form, marketable software and live animals as well as installation, transport, maintenance or similar obligations related to supply of the goods if their value does not exceed that of the goods themselves; and **“related services”** includes services such as transportation, commissioning, insurance, installation, training, and initial maintenance:

1.2.1.2 **“Services”** mean any object of procurement other than works, goods and consultancy services such as maintenance, security, janitorial, electricity, telecommunication, and water supply services;

1.2.1.3 **“Works”** mean all work associated with the construction, reconstruction, upgrading, demolition, repair, renovation of a building, road, or structure, as well as services incidental to works, if the value of those services does not exceed that of works themselves and includes build-own-operate, build-own-operate-transfer and build-operate-transfer contracts;

- 1.2.1.4 **“Consultancy Service”** means a service of an intellectual and advisory nature provided by consultants using their professional skills to study, design and organize specific projects, advise clients, conduct training and transfer knowledge;
- 1.2.1.5 **“Procurement”** means obtaining goods, works, consultancy or other services through purchasing, hiring or obtaining by any other contractual means;
- 1.2.1.6 **“Public body”** means any public body, which is partly or wholly financed by Federal Government budget, higher education institutions and public institutions of like nature;
- 1.2.1.7 **“Public fund”** means any monetary resource appropriated to a public body from the Federal Government treasury or aid grants and credits put at the disposal of the public bodies by foreign donors through the Federal Government or internal revenue of the public body;
- 1.2.1.8 **“Public Procurement”** means procurement by a public body using public funds;
- 1.2.1.9 **“Supplier”** means a natural or juridical person under contract with a public body to supply goods, works or services;
- 1.2.1.10 **“Candidate”** means a natural or juridical person invited to take part in public procurement or seeking to be so invited;
- 1.2.1.11 **“Bidder”** means a natural or juridical person submitting a bid;
- 1.2.1.12 **“Bid”** means a stage in the procurement process extending from advertisement of or invitation to bid up to signing of contract;
- 1.2.1.13 **“Bidding documents”** mean the documents prepared by the public body as a basis for preparation of bids, which contain a specification of the desired object of procurement;
- 1.2.1.14 **“Procurement Directive”** means the Directive issued by the Minister of Finance and Economic Development in accordance with the Proclamation;
- 1.2.1.15 **“Minister or Ministry”** means the Minister or the Ministry of Finance and Economic Development respectively;
- 1.2.1.16 **“Person”** means natural or juridical person. (An entity other than a natural person created by law and recognized as a legal entity having distinct identity, legal personality and duties and rights).
- 1.2.1.17 **“Specification”** means a document describing the quality, type and standard with which the required goods, services, works or consultancy services should comply.
- 1.2.2 The following additional definitions are defined only in the Manual as standard widely used procurement definitions.

- 1.2.2.1 **“Applicant”** means a person who wishes to become pre-qualified in response to an Invitation for Pre-qualification or to be considered for enlistment as a potential Bidder for the purposes of the Restricted Bidding Method or to be short-listed in response to a Request for Expressions of Interest. If successful in its submission of application the “Applicant” will become either a “Bidder” or a “Consultant”. In this context, a person in addition to a specific individual also means a firm, company, association or any other organization.
- 1.2.2.2 **“Approving authority”** means the authority that makes decision on an award of procurement contract under the Delegation(s) of Financial Powers or an authority/officer authorized by the Head of a Public Body under such delegation to take decision on award of procurement contract.
- 1.2.2.3 **“Concession contract”** means a contract with combined public and private financing for the provision and operation of public utilities and other public services, e.g. construction and commissioning of water treatment plant including distribution of water supply. However, concession contracts may be made with full private financing, the private company or organization builds and manages the infrastructure facility and operates it at its own commercial risk and also accepts investment obligations. Such contracts are fixed for terms of say 25 or 30 years to allow the operator to recover expended capital. At the end of the contract, the asset may either remain indefinitely with the private company or be transferred back to Government ownership, sometimes at a predetermined price or fee.
- 1.2.2.4 There are several forms of concession contract, namely:
- Build Own Operate (BOO) for which a private Contractor builds, owns and operates a new facility at its own risk. The Government or public authorities usually provide revenue guarantees through long-term contracts for the purchase of the product/services provided by the Contractor.
 - Build Operate Transfer (BOT) for which a private Contractor builds and operates a new facility and then transfers ownership to the Government or public authority at the end of the concession period. The Government or public authorities usually provide revenue guarantees through long-term contracts for the purchase of the product / services provided by the Contractor. There is usually an option in the original contract for the Contractor to purchase the facility.
 - Build Own Operate Transfer (BOOT) for which a private Contractor builds, owns and operates a new facility and then transfers ownership to the Government or public authority at the end of the concession period. The Government or public authorities, usually provide revenue guarantees through long-term contracts for the purchase of the product/services provided by the Contractor and shall purchase the facility at the end of the concession period or allow the Contractor to continue to own and operate it, but not necessarily with the previous revenue guarantees. In such cases, a separate contract may be made at the end of the first concession period.
- 1.2.2.5 **“Conflict of interest”** means perceiving a potential for conflict of interest ,where personal or business interests of any party in a public procurement transaction would

adversely affect the interests of a public body in achieving best “value for money”, transparency, fairness and/or equitable treatment of Bidders. The following may have potential for conflict of interest:

- Public body officials, who may have an interest, directly or indirectly, with a firm or individual that is Bidding for a procurement requirement issued by that entity shall declare any relevant relationship with that firm or individual and consequently not participate in any proceeding concerned with that specific procurement at any stage from setting specifications/qualifications until supply or completion of contractual obligations.
- An individual or a firm, (or its associates or affiliates), which was involved in preparation of specifications for a particular bid, shall not be eligible to participate in providing the procurement requirements for that particular bid, as it is likely that such earlier involvement will be perceived to, or will actually, result in a biased or non-efficient outcome of the procurement transaction thus adversely impacting on the interest of the public body.
- Neither Consultants (including their personnel and sub-Consultants) nor any of their affiliates shall be hired for any assignment that, by its nature, may be in conflict with another assignment of the Consultants. Consultants hired to prepare engineering design for an infrastructure project shall not be engaged to prepare an independent environmental assessment for the same project, and Consultants assisting a client in the privatization of public assets shall neither purchase, nor advice public bodies of, such assets. Similarly, Consultants hired to prepare Terms of Reference (TOR) for an assignment shall not be hired for the assignment in question.

1.2.2.6 **“PPA”** means the Public Procurement and Property Administration Agency accountable to the Ministry of Finance and Economic Development (MOFED).

1.2.2.7 **“Days”** means calendar days, unless the text of either the Proclamation and Directive or the Manual specifically refers to working days.

1.2.2.8 **“Enlistment”** means persons and/or firms who are registered by PPA as qualified potential Bidders, maintained on a list and who are eligible to participate in bid for procurement of goods and related services and/or procurement of works and physical services under Restricted Bidding Method. The list and the qualifications of such persons and/or firms are reviewed and updated on an annual basis.

1.2.2.9 **“Ethics”** means the moral principles and rules of conduct that shall be followed and that are applicable to all personnel of a public body involved in public procurement. However, these shall also be applicable for Applicants, Bidders, Suppliers, Contractors and Consultants who are expected to observe the highest standard of ethics during the implementation of procurement proceedings and the execution of subsequent contracts.

- 1.2.2.10 **“Framework contract”** means a general agreement of procurement establishing unit price and other terms and conditions of contract which serves as a basis for supplies to be delivered under future specific contract.
- 1.2.2.11 **“Government”** means the Government of the Federal Democratic Republic of Ethiopia (GFDRE).
- 1.2.2.12 **“Head of a public body”** means the Secretary of a public body, the Head of a Government Department/Directorate; or the Chief Executive, by whatever designation called, of an Autonomous/Semi-Autonomous body or Corporation or Local Government agencies e.g. City Corporations, Municipalities.
- 1.2.2.13 **“In writing”** means communicated in written form and delivered against receipt.
- 1.2.2.14 **“Pre-qualification”** is a means for attracting potential bidders to participate, in which potential bidders are invited by a public body to submit documentation that shows the person/firm is capable of meeting the requirements of a specific future bid.
- 1.2.2.15 **“Post-qualification”** is a process undertaken by a public body at the end of the bid evaluation stage to ascertain the capability of the least evaluated bidder to perform the contract. Post qualification assessment may be done for prequalified bidders. The purpose of the post qualification is to ascertain that the lowest evaluated bidder is still capable to perform the contract.
- 1.2.2.16 **“Procedure”** means the mandatory procurement implementation requirements framed and issued by the PPA that will ensure proper compliance with the Proclamation and Directive by public bodies, Applicants, Bidders, Suppliers, Contractors and Consultants.
- 1.2.2.17 **“Public body”** means public body, which is partly or wholly financed by the Federal Government Budget, higher education institutions, and public institutions of like nature which has the powers and duties to conclude a contract for the provision of goods, works, and services.
- 1.2.2.18 **“Proposals”** are the technical and/or financial proposals submitted to the public body by short listed consultants. The term proposal is used because, unlike most forms of bids for goods, works and related or physical services, it normally details the manner in which the bidder ‘proposes’ to undertake the intellectual and/or professional services and tasks described in the RFP. A proposal can only be submitted in writing in accordance with the instructions contained in the RFP.
- 1.2.2.19 **“Public fund”** means any monetary resource appropriated to a public body from the Federal Government treasury or aid grants and credits put at the disposal of the public bodies by foreign donors through the Federal Government or internal revenue of the public body.
- 1.2.2.20 **“Public procurement”** means procurement by a public body using public fund.

- 1.2.2.21 **“Quotation”** means the simplified form of obtaining priced offers from a selected number of suitable Bidders in response to a direct request by a public body in order to procure low-value, off-the-shelf, standardized goods and related services and/or works and physical services.
- 1.2.2.22 **“Intellectual and professional services”** are those services which provide output of advisory, design and know-how transfer nature rendered by the Consultants.
- 1.2.2.23 **“Stand alone services”** are those services which can be procured independently without being incidental to goods, works or intellectual and professional services. Such services include catering services, security services, courier services, etc. In such cases a modified RFP document shall be used.
- 1.2.2.24 **“Short-list”** is a list of persons and/or firms who are selected to be invited to submit proposals following the evaluation of applications submitted by the persons and/or firms, in response to a Request for Expressions of Interest. Short-lists are used in case the Requests for Proposals for intellectual and/or professional services.
- 1.2.2.25 **“Birr”** means the unit of currency of Ethiopia.

1.3 SCOPE OF APPLICATION

Proclamation Article 3:

The Proclamation and the Directive shall apply to all Federal Government procurement and property administration.

Notwithstanding the provisions of sub-article 3(1):

The Minister, in consultation with the heads of the relevant public bodies, may in the interest of national security or national defense decide to use a different procedure of procurement and property administration, in which case the Minister shall define by a directive the method of procurement and property administration to be followed in order to serve the interest of economy and efficiency.

The Proclamation does not apply to contracts a public body enters into with another public body for the provision of goods, works, consultancy or other services at cost.

- 1.3.1 The Proclamation and Directive shall apply to all procurements undertaken by Public bodies using public funds, except when a specific waiver is issued by the Minister in the interest of national security or national defense, concerning the use of the Proclamation and Directive. The Minister may, by a directive issue an exemption from the Proclamation and Directive for defense or any other procurement which are considered to be the subject of national security. It is desirable, however, that routine civilian purchases by defense organizations are conducted in accordance with the Proclamation and Directive.

- 1.3.2 Any Public Body that uses public funds allocated to them by the Federal Government through recurrent or capital budget shall use the Proclamation, Directive, SBDs and the Manual for any procurement that makes use of such public funds.
- 1.3.3 Any person/organization may use the Proclamation and Directive and the Manual for its procurement activities, provided it clearly states the fact of its adoption in its relevant documentation.

1.4 INTERNATIONAL OBLIGATIONS

Proclamation Article 6:

To the extent that this Proclamation conflicts with an obligation of the Federal Government under or arising out of an agreement with one or more other states or with an international organization, the provisions of that agreement shall prevail.

Where an agreement referred to above contains a preference or preferences in favor of national and resident bidders, the public body shall ensure that the applicable preference or preferences are clearly stated in the bidding documents.

- 1.4.1 If the provision of any agreement signed by the GFDRE with one or more countries or international organization(s) comes into conflict with any of the Proclamation and Directive, the provisions of that agreement shall prevail over the Proclamation and Directive. Funds provided to the Government by bilateral or multilateral Development Partners are subject to specific signed agreements. There may be several agreements for each loan, credit or grant, each of which may cover a different aspect of the loan, credit or grant.

In regard to procurement, the key document is the loan, credit or grant agreement itself, as this defines the rules and regulations that shall be followed in respect of procurement. The public body shall familiarize itself with the contents of such agreements.

In the event that specific requirements of the development partner's terms and conditions for such loans, credit or grants contradict the Proclamation and Directive and the Manual, then a public body shall follow the development partner's requirements in those areas where there is a contradiction.

In all other respects, public procurement shall be governed by the Proclamation and Directive.

1.5 HIERARCHY OF LAWS IN ETHIOPIA

- 1.5.1 In the Ethiopian legal system, hierarchy of laws according to their precedence is:
 - 1.5.1.1 The Constitution,
 - 1.5.1.2 Proclamations,
 - 1.5.1.3 Regulations, and
 - 1.5.1.4 Directive
- 1.5.2 The Constitution of the Federal Democratic Republic of Ethiopia was ratified by the Nations, Nationalities and Peoples of Ethiopia, through their elected Representatives, on 8 December 1994, and came into force on 21 August 1995 by Proclamation No. 1, 1995 issued by the House of Peoples' Representatives (the Parliament). The Constitution is the Supreme Law of Ethiopia.
- 1.5.3 Proclamations are discussed by the Council of Ministers, deliberated upon and issued by the House of Peoples' Representatives, an example of which is the Ethiopian Federal Government Procurement and Property Administration Proclamation No. 649/2009.
- 1.5.4 Regulations are discussed and issued by the Council of Ministers.
- 1.5.5 Directive is issued by the concerned Minister. An example is the Public Procurement Directive issued by the Minister of Finance and Economic Development pursuant to Article 78/2 of the Ethiopian Federal Government Procurement and Property Administration Proclamation no 649/2009 and Article 19 of the definition of powers and duties of the Executive Organs of the Federal Government of Ethiopia Proclamation No 471/2005/6 (as amended).

2 BASIC PROCUREMENT RULES

Public procurement is governed by basic rules and guidelines that spell out what can be done or not done on certain procurement processes. The following sections describe these rules.

2.1 PUBLIC ACCESSIBILITY OF LEGAL TEXTS

2.1.1 The Proclamation and Directive, the Manual, User Guides and instructions including standard documents (STDs, RFPs, RFQs, etc.) shall be made available to the public, both in paper format (obtainable from the PPA) and on the PPA website and shall be systematically maintained by the PPA.

2.2 RECORDS OF PROCUREMENT

2.2.1 Public bodies shall have to maintain records and documents regarding their public procurement listed in article 23 of the Proclamation and other pertinent documents. The time for which such records shall be kept corresponds to the time to be stipulated in the financial Administration Regulations to be issued pursuant to article 73 of the Financial Administration Proclamation of the Federal Government, Proclamation no 648/2001. As a minimum, each procurement record should include the following:

2.2.1.1 Procurement plan of the public body in accordance with article 8.1 of the Directive.

2.2.1.2 A copy of the bidding document including Invitation to Bid, Request for Proposals, Request for Quotations, a copy of the published advertisement, if any; a copy of bidders or short-listed consultants queries, addendum issued by the public body together with supporting documents evidencing that amendments are communicated to all prospective bidders/shortlists as per the ITB/ITC, normally it should be communicated through their registered address.

2.2.1.3 The names and addresses of Bidders that submitted bids, proposals or quotations and the name and address of the Bidder to whom the contract was awarded, including the awarded contract price;

2.2.1.4 A copy of any Invitation for Pre-qualification, Request for Expressions of Interest or other invitation documents;

2.2.1.5 Minutes of the bid opening; the minutes in addition to the deliberation and proceedings of the bid opening a copy shall be attached of the information disclosed to bidders or bidder's representatives(s) and are registered at the time of bid opening; and name and signature of bidders or their representatives who attended the bid opening. The minimum information that should be disclosed and registered at the time of the bid opening is stipulated in the ITB/ITC of the BD/RFP/;

2.2.1.6 A copy of all correspondences to and from bidders, short-listed consultants, suppliers, contractors, consultants, beneficiaries and stakeholders, and others connected with package/contract;

- 2.2.1.7 The evaluation criteria stipulated and applied and summary of the evaluation and comparison of bids, proposals and quotation received;
- 2.2.1.8 The record of approval of the bid/proposal evaluation report and the contract document;
- 2.2.1.9 Information concerning any decision to suspend or cancel the proceedings after they have been initiated;
- 2.2.1.10 Information on the proceeding of any decision rendered where a complaint against a procurement process is lodged;
- 2.2.1.1 The grounds for using procurement procedure other than open bidding;
- 2.2.1.2 Delivery/acceptance reports, completion report and measurement books for procurement of goods and/or works and completion report for procurement of services; and
- 2.2.2 All payment documentation including original copy of the bills and/or invoices for procurement of goods, works and services.
- 2.2.3 The procedure below sets down the documents to be retained on a long-term basis and the file containing these records shall be properly maintained and developed during the contract execution. The records shall be properly filed, maintained and should be easily accessible.
- 2.2.4 The record concerning any proceeding shall on request, once the proceedings have resulted in a contract or have otherwise been terminated, be made available to candidates who participated in the proceedings. However, except when ordered to do so by a competent court or other body authorized by law and subject to the conditions of such an order, the public body shall not disclose:
- 2.2.4.1 Information if its disclosure would:
- be contrary to the law of Ethiopia;
 - impede law enforcement;
 - not be in the public interest;
 - prejudice the legitimate commercial interests of the parties; and
 - inhibit fair competition.
- 2.2.4.2 Information relating to the examination and evaluation of bids, proposals, or quotations and the actual contents of bids, proposals, or quotations.

2.2.5 Public bodies should disseminate to the general public information about contract awards by posting it on the PPA's website within 5 days of signing the contract after award. Guidance Note will be issued by the PPA to the public bodies on the format to be used for this purpose is attached in Appendix 2

2.2.6 A Guidance Note on procurement communications and record keeping by the public bodies is attached at **Appendix 2**.

2.3 ELIGIBILITY AND NON-DISCRIMINATION

2.3.1 Public Procurement is open to all persons regardless of nationality and/or race or any other criterion not having to do with their qualifications, international obligations or decisions taken against them under Proclamation and Directive. This principle shall not apply when there is a standing Government Order or an agreement signed by the Government prohibiting the participation of a particular category of persons, for example:

2.3.1.1 the use of funds for public procurement which has been provided by a bilateral development partner and participation is restricted to Bidders/Consultants whose nationalities are from certain countries unless a decision is made otherwise the loan or grant agreement as determined by the legal/financing agreement signed between Ethiopia and the financier;

2.3.1.2 the use of funds for public procurement which has been provided by a multilateral development agency and participation is restricted to Bidders/Consultants from member countries of that development agency only;

2.3.1.3 firms barred from participating in public procurement for a certain period because of past poor performance of awarded contract(s);

2.3.1.4 any Bidder/Consultant barred because of corrupt, fraudulent, collusive or coercive practices; and

2.3.1.5 The country with whom the Government has decided not to have trade relations.

2.3.2 The names, category of persons and/or firms or countries excluded from the participation in public procurement, both in general and for specific bids, shall be made public either by means of a Government Order or by the PPA. Information concerning persons and/or firms who are barred from participation in public procurement, for whatever reason, either generally or against specific bids, shall be kept by the PPA and it is the responsibility of the PPA to inform public bodies about such restrictions and the periods for which they shall apply.

2.4 FORM OF COMMUNICATION

2.4.1 All communications between parties of the procurement (Applicants, Bidders Suppliers, Contractors, Consultants and public bodies) shall be in writing. The purpose of this is to ensure all communications between the parties are legally binding

communications, indicated by the signing of the communication by the sender or an authorized officer/nominee of the sender.

2.4.2 Verbal communications and information displayed on a website or transmitted by electronic mail or facsimile shall be confirmed in writing either by the public body or by the Applicant, Bidder, Supplier, Contractor or Consultant. The sender or an authorized nominee of the sender shall sign all communications.

2.4.2.1 Any communication made verbally or e-mail shall not be considered as communication in writing.

2.5 QUALIFICATION OF CANDIDATES

2.5.1 In order to participate in public procurement, candidates shall provide evidence to demonstrate that they are suitably qualified and capable for award of contract. The purpose of qualification is to ensure that:

2.5.1.1 Those persons or firms participating in public procurement are able to meet the legal professional and ethical standards set out in the Proclamation, Directive and the Manual; and

2.5.1.2 Suppliers, Contractors and Consultants are able to perform the contracts for which they are Bidding or offering services.

2.5.2 The requirements for such qualification as set out in the Proclamation and Directive are detailed in the following paragraphs.

2.5.2.1 Professional and Technical Capacity: Suppliers, Contractors and Consultants shall show that they possess:

- the professional and technical qualifications and competence to undertake the work/supply/service for which they are Bidding;
- satisfactory financial resources;
- suitable equipment and other physical facilities or proven access through contractual arrangement to hire/lease of such equipment/facilities for the desired period, where necessary;
- satisfactory production/manufacturing capacity, where necessary;
- after-sales service, where necessary;
- managerial capability, where necessary;
- prior experience of the work/supply/service for which they are Bidding;

- satisfactory reputation for diligent and non-problematic performance of contracts (repeated arbitration or legal proceedings against the Bidder spoil its reputation); and
- appropriate personnel required to perform the contract, both in terms of numbers and skills.

2.5.2.2 Legal Capacity: Suppliers, Contractors and Consultants shall show that they are legally entitled to enter into any subsequent contract that might arise from the procurement proceedings. This means that persons and/or firms shall demonstrate to the public body that there is no legal reason, e.g. an order of a judicial court that prevents them from entering into a contract.

Example—a privately owned company was bankrupt and as a result both the person owning the company, and the company itself, were banned by a court from entering into any contract.

2.5.2.3 Financial Capability and Status: Suppliers, Contractors and Consultants shall show that they are not:

- insolvent, e.g. the person or firm is not financially capable to perform the contract for which they are Bidding;
- in receivership, e.g. the firm was in serious financial difficulties and a court had, at the request of creditors, stopped the firm from managing itself and had placed an independent accountant in charge of the company's business operations;
- bankrupt or in the process of being wound up, e.g. the person or firm's financial situation is that they have more debts than income and can no longer function;
- suspended from undertaking their business for financial reasons; and
- subject to legal proceedings for any of the above reasons.

2.5.2.4 Registration in the suppliers list: Subject to the Article 33 of the Directive, suppliers are required to be registered in the suppliers list;

2.5.2.5 Trade license: suppliers are required to have renewed trade license;

2.5.2.6 Bank Account: suppliers are required to have a bank account;

2.5.2.7 Taxation obligations: Suppliers, Contractors and Consultants who are residents of Ethiopia are required to produce Tax Clearance Certificate to show that they have fulfilled their obligations to pay taxes under the relevant national Proclamation and Directive.

Based on the above general qualification criteria and the nature and magnitude of the object of particular procurement, public bodies shall set out the specific qualifications in the Pre-qualification Document, Bidding Documents or Request for Proposal Document.

2.5.3 In order to verify that a potential Supplier, Contractor or Consultant meets the requirements specified, the public body may require submission by the Bidder of documentary evidence or other information from appropriate authority or organization that shows the potential Supplier, Contractor or Consultant meets these requirements. The following paragraphs detail the documentation that may be requested by the public body from the Bidder.

2.5.3.1 Professional and Technical Capacity:

- provide documentary evidence to show they are enrolled in the relevant professional or trade organizations registered in the Federal Democratic Republic of Ethiopia or in their country of origin or to provide a declaration on oath or a certificate concerning their competency in accordance with the conditions laid down by the law of the Federal Democratic Republic of Ethiopia or of the country of their origin. Such an oath or certificate would, normally be provided by a professional institution related to the professional qualifications of the person or firm;
- provide a description of the firm's technical facilities, its available equipment, its measures for ensuring quality e.g. ISO certification and its design, research and development facilities;
- provide a list of the major deliveries effected in the past three/five years, with the sums, dates and recipients, public or private, on a transaction basis, if a public body so requested;
- provide a list of client references who may be contacted by the public body;
- provide samples, description and/or photographs of the product to be supplied, the authenticity of which may be certified by a professional institution related to the professional qualifications of the person or firm, if the public body so requests;
- submit appropriate statements from bankers of the firm's financial resources;
- submit firm's balance sheets or extracts from them, where publication of a balance sheet is required under company law in the country in which the Supplier, Contractor or Consultant is established;
- submit statement of the firm's overall turnover and its turnover in respect of the goods/works/services to which the contract relates for the previous three (3) financial years; and
- provide details of the numbers of both technical and administrative personnel employed by the firm.

2.5.3.2 Legal Capacity: The legal capacity shall be confirmed by a power of attorney to be notarized by a Notary Public/ Commissioner for Oaths. This document shall state that there are no existing orders of any judicial court that prevent either a person or firm or employees of a firm from entering into and/or signing a contract with the public body.

2.5.3.3 Financial Status: It is for the public body to prove that any of the circumstances detailed above actually exist. However, if the public body so requests, it is for the Applicant or Bidder to prove that none of those circumstances apply. Proof can be provided in the form of a document issued by an appropriate authority in the Federal Democratic Republic of Ethiopia or in the country of the Bidder showing that none of these cases apply.

2.5.3.4 Taxation Obligations: For proof of fulfillment of obligations relating to the payment of taxes, the public body may ask the Bidder or Applicant who is a national of Ethiopia for a certificate issued by the competent authority of Ethiopia. The tax certificate shall state:

- tax registration number or tax payer's identification number (TIN);
- VAT registration number;
- the year up to which income tax and VAT assessment has been completed; and
- confirmation that tax and VAT has been paid regularly.

For example, in a turnkey contract, where a Contractor is responsible for design, construction, procurement and installation of equipment and commissioning, may require additional qualification information. Similarly, a contract for the provision of operational services, such as security or catering services may require additional or different information to be provided.

In the case of goods or works procurement, where the bidding document has more than one lot the qualification requirement should be specified for each lot.

Similarly, where large procurement of goods or more typically of works, could attract the participation of Joint Venture, Consortium or Association, the minimum percentage that should be fulfilled out of each/or some of the specified qualification requirements may be set for the leading partner of the JVCA and the other partner(s) respectively. The qualifications of sub-Contractors would not count towards the Bidder's qualification, except for major specialized sub-Contractors, if so stated in the pre-qualification or Bidding Documents.

2.5.4 In case of pre-qualification, the key qualification requirements shall be stated in the invitation for pre-qualification, and the pre-qualification document distributed to applicants shall indicate all the qualification criteria. In the case of post-qualification, the key qualification requirements shall be stated in the invitation to bid, and the bidding document issued to prospective bidders shall indicate all qualification criteria. Pre/Post qualification assessment will be done on the basis of the information provided.

2.5.5 Bid evaluation shall be done in accordance with the bidding document issued to the bidders and prequalification assessment on the basis of prequalification document distributed to applicants.

2.5.5.1 The criteria for establishing an Applicant's ability to perform the specific contract in question shall be assessed by the public body as detailed in the following paragraphs.

Experience and past performance on similar contracts:

- on a minimum number of similar projects/programs that have been completed;
- on the value of similar completed projects/programs to be considered, both individually and collectively;
- on the countries in which the Applicant shall have worked, with additional emphasis being placed upon work in the region; and
- performance of goods including plant, equipment and machinery supplied to the concerned public body or other public body within or outside the Federal Democratic Republic of Ethiopia.

2.5.5.2 Capabilities with respect to personnel, equipment and construction or manufacturing facilities:

- state the professional qualifications and experience requirements for key personnel within the Applicant's organization;
- define the types and minimum numbers of equipment that an Applicant would be expected to possess in order to fulfill the contract or to demonstrate that it has obtained a "contractual arrangement" for hire/lease access to such equipment during the intended period of use to perform the contract;
- state the minimum production requirements considered necessary for the performance of any contract involving manufacturers; and
- state if the entity intends to inspect the equipment/facilities as part of the evaluation of the applications.

2.5.5.3 Commercial, financial and legal requirements:

- These are as stated above.
- The above paragraphs set out typical pre-qualification evaluation criteria; however, these shall be varied depending upon the public body's requirement.
- If none of the Applicants meet the pre-qualifying criteria, then all applications may be rejected.

2.5.5.4 In these circumstances, e.g. rejection of all applications, the public body shall take action in a manner similar to that described in Rejection of all bids, proposals and quotations. Subject to the approval of the head of a public body or an officer authorized by him/her, the public body shall take the following actions:

- if the circulation of the Invitation for Pre-qualification is considered to be unsatisfactory, the entity shall re-advertise the Invitation more widely, perhaps internationally, if the requirement is of a high value or complex nature; or
- if the invitation is considered to be in need of revision, the revised invitation may be reissued to those persons or firms who had originally submitted applications; or be re-advertised.
- if the lack of acceptable submissions is considered to be a combination of both the above reasons, the revised invitation may be issued to previous Applicants along with re-advertisement.

2.5.6 A public body can disqualify a Bidder during the evaluation process for various reasons including submitting a document containing fraudulent practice or poor past performance but cannot debar a bidder from future participation in Government tenders. They can report to PPA and when PPA believes that a bidder deserves punishment then it can suspend that bidder from participating in government bids for a prescribed period of time.

2.5.7 A public body shall disqualify any Applicant or Bidder if, at any time, it finds that the information submitted for qualification was either significantly inaccurate or incomplete. Any reason for disqualification should be clearly mentioned in the pre-qualification or bid evaluation report. If such conduct is found to be repeated, then the Applicant or Bidder may be disqualified from this and subsequent procurement proceeding. Debarring bidders however shall be the role of PPA.

2.6 USE OF APPROVED LISTS OF SUPPLIERS

2.6.1 The objectives of establishing lists of suppliers are:-

2.6.1.1 Maintain database list of suppliers /contractors/consultants;

2.6.1.2 To maintain information on the progress, status and development of domestic suppliers/contractors/consultants;

2.6.1.3 To develop different methods by learning from experience gained from relations with suppliers with the view of increasing value for money from procurement.

Directive Article 33

To participate in any public procurement being registered in the supplier list is a prerequisite.

Notwithstanding the provision above, persons renting houses apart from those engaged in real state business may participate in a bid for procurement of house rental service without being registered in the suppliers list.

Branches of Federal Government public bodies located outside of Addis Ababa may procure on competitive bases from suppliers not registered in the supplier's list, if registered suppliers engaged in supplying the goods and services to be procured are not available in their locality.

- 2.6.2 Any supplier desiring to obtain a Registration Certificate shall have to register themselves using the form made available for this purpose in the website of the PPA and submit the same together with the following:-
- 2.6.2.1 Valid trade license indicating the stream of business in which the supplier is engaged;
 - 2.6.2.2 A certificate of professional qualification from the appropriate body, if a supplier is a consultant;
 - 2.6.2.3 A contractors' certificate issued by the Ministry of Works and urban Development indicating the level of such contractor;
 - 2.6.2.4 A certificate issued by the Federal Transport Authority indicating the level of the garage, if a supplier is engaged in the maintenance or repair of motor vehicles;
 - 2.6.2.5 A certificate issued by the Drug Administration and control Authority, if the supplier is engaged in the provision of drugs and medical equipments.
- 2.6.3 If it is proved that a bidder or supplier has committed one of the acts listed below with an intention to distort or alter the bid evaluation result or during the contract administration, he/it may be suspended from the supplier's list for a period not less than two years or for an indefinite period, so that he/it may not participate in any public procurement for the period for which the suspension lasts:
- 2.6.3.1 Where it is proved that he/it has committed an act of corruption i.e. giving to an employee in what ever position engaged in public procurement, anything of monetary value in the form of bribe or inducement;
 - 2.6.3.2 Where it is discovered that he/it has committed an act of fraud i.e. Providing falsified or invalid documents or where he/it is found to have participated in a public procurement while a suspension against him is in force or where it is discovered that he/it has supplied goods, rendered services or delivered works of an inferior quality to that required under a contract by employing deceitful practice to make it look like genuine or it conforms to stated requirements;
 - 2.6.3.3 Where it is proved that he/it has connived at an act of price fixing with certain bidders to deprive the public body and the other bidders of the benefit of fair competition;
 - 2.6.3.4 Where it is proved that a supplier has delivered goods, services, works or consultancy services of a kind or quality that are not in conformity with the schedule of requirements under a contract in connivance with employees or officials of the public body;
 - 2.6.3.5 Where it is proved that he has inflicted or has threatened to inflict physical or bodily injury on/or used coercive action against a procurement staff or authority of a public body;

- 2.6.3.6 Where it is discovered that he/it has committed another act entailing suspension from the suppliers list within two years from the date on which the suspension previously imposed upon him by the agency for certain misconduct in connection with the execution of public procurement came to an end.
- 2.6.4 The following acts committed by a bidder or supplier shall entail suspension from the suppliers list for a period of 6 months up to two years depending on the gravity of the fault, so that the bidder or the supplier may not participate in any public procurement for that period:
 - 2.6.4.1 Where a supplier under a contract with a public body fails to complete the delivery of goods, services, works or consultancy services under that contract, and on account of such failure of the supplier, the public body suffers direct or consequential loss or damage or such failure retards or disrupts the operation of the public body;
 - 2.6.4.2 Whereupon receipt of written notification of award as a successful bidder, a bidder fails or refuses to sign a contract with a public body and in exercising another option to acquire the required objects of procurement from another supplier, the public body sustains loss or such failure or refusal of the bidder retards or disrupts the operation of the public body;
 - 2.6.4.3 Where he/it omits another act entailing warning pursuant to Article 48.5.3 of the Directive, within 3 years from the time when he/it received warning for the first such omission.

2.7 TECHNICAL SPECIFICATIONS

- 2.7.1 The technical specifications define the characteristics required of a material, supply or service such that they fulfill the use for which they are intended. They are laid out in the contract documents without creating unjustified obstacles to competition. These characteristics include environmental performance, design, conformity assessment, performance safety, dimensions, quality assurance, and production methods. For public works contracts they also cover test, inspection and acceptance conditions, as well as construction techniques. When drawing up its technical specifications, a public body should refer to national and international standards. The technical specification shall be prepared in a non-restrictive manner so that a fair and open competition is created between all potential Bidders. Technical specifications and descriptions of the goods and related services and works and physical services shall be prepared in a manner that provides a correct and complete description of the object to be procured.
- 2.7.2 They shall clearly describe a public body's requirements in respect of:
 - 2.7.2.1 name and/or description of the object of procurement to be supplied;
 - 2.7.2.2 quality of the object of procurement to be supplied;
 - 2.7.2.3 performance standards;
 - 2.7.2.4 safety standards and dimensions;

- 2.7.2.5 symbols, terminology to be used in packaging, marking and labeling of the object;
- 2.7.2.6 processes and methods to be used in the production of the object of procurement; and
- 2.7.2.7 requirements for conformity assessment tests.
- 2.7.3 They shall, where appropriate, be:
- 2.7.3.1 expressed in terms of performance requirements, rather than design or descriptive characteristics, e.g. if a generator is to be purchased, the performance requirements could be for example:
- the electricity output to be generated per hour;
 - the minimum capacity of engine acceptable; and
 - the maximum noise level while in operation.
- 2.7.3.2 Based upon recognized international standards, where such standards exist or otherwise, on recognized national standards or codes.
- 2.7.4 There shall be no reference to a particular trademark or trade name, patent, design or type, specific country of origin, producer or service Supplier.

Technical specifications, which are prepared using the procedure detailed in the preceding paragraphs, should enable fair and open competition among all Bidders.

Specifications that are linked directly to design or descriptive characteristics limit competition, as only Bidders whose products match the stated design and/or description would be able to bid.

For example, if a public body is purchasing a vehicle, it is not permitted to simply issue a bid for a named vehicle, nor it is permitted to write a detailed technical specification that is so directly linked to one manufacturer that other vehicle manufacturers would be unable to bid because the specification was so tightly written. No two vehicles are completely identical, but many vehicle specifications are relatively close and Bidders can compete if specifications are generalized, e.g. rather than saying a vehicle shall weigh 2,055 Kg, the specification should state that the vehicle could weigh between 1,800 Kg and 2,100 Kg.

Similarly, in the case of purchase of computers the generalized specifications prepared may state that the assembling bench should be ISO certified but under no circumstances shall the name of any particular brand be stated. Parameters in the technical specifications shall describe the minimum, maximum, or the acceptable range for a specific line of requirement.

If a public body has insufficient technical expertise to either prepare a generalized technical specifications or to make the specifications fully understandable to Bidders,

it is permitted to make reference to a particular branded product, but shall add the words “or similar/equivalent to” into the specification.

Public bodies shall, where possible, prepare the specifications in close cooperation with the user/beneficiary unit of the supply or works or services.

2.7.5 Examples of standards to be followed, but not restricted to, are those published by:

2.7.5.1 The International Standard Organization (ISO);

2.7.5.2 The American Standard Testing Methods (ASTM); and

2.7.5.3 National available standards set by the Quality and Standards Authority of Ethiopia (QSAE).

2.7.6 Public bodies should use the standardized specifications for commonly used goods (such as paper, office equipment, other consumables etc.). When requested by public bodies, the PPA will provide either guidance for setting technical specification or information on sources from where such guidance may be obtained.

2.8 REJECTION OF ALL BIDS, PROPOSALS AND QUOTATION

2.8.1 A public body reserves the right to accept or reject any bid, and to annul the bidding process and reject all bids at any time prior to contract award, without thereby incurring any liability to Bidders. Contract award is the point at which a public body issues the Letter of Award to a successful Bidder.

2.8.2 If a public body decides to reject all bids, quotations or proposals for reasons other than failure of all responsive Bidders to post-qualify, the public body shall review the causes justifying the rejection of all submissions, examples of which may be:

2.8.2.1 the price of the lowest evaluated bid substantially exceeds the prevailing market prices;

2.8.2.2 there is evidence of lack of competition;

2.8.2.3 the Bidders are unable to meet the minimum qualifications and/or technical specification; and

2.8.2.4 the Bidders are unable to offer the required delivery/completion time, provided the stipulated delivery/completion time is reasonable and realistic.

2.8.3 After rejection of bids, the public body shall reassess the official estimate and/or budget with that of prevailing market price and shall subsequently consider making revisions to the conditions of contract, design and specifications, scope of contract or a combination of these factors, before inviting new bids, quotations or proposals.

- 2.8.4 If lack of competition is considered to be one of the reasons for the rejection of all bids, quotations or proposals, it may have been because either too few persons or firms saw the advertisements or collusive and/or coercive practices has taken place. Therefore, having reviewed the causes, when the public body reissues the Invitations to Bid or Request for Expressions of Interest, it shall be advertised more widely and perhaps, depending upon value, internationally. In the case of Requests for Quotations, additional persons and/or firms may be issued with the RFQs. Besides, necessary actions shall be undertaken against collusive and/or coercive practices, where applicable.
- 2.8.5 Rejection of all bids, quotations or proposals may be made because they are all considered to be non-responsive, e.g. they do not comply with the requirements specified in the documents issued by the public body. New bids, quotations or proposals may be invited from those or other persons or firms, using revised documents, who were originally pre-qualified or short-listed or who had submitted bids in response to the advertised invitation.
- 2.8.6 Upon receipt of requests from Applicants or Bidders, a public body shall notify them of the reason(s) for the rejection of its submission. However, a public body is not required to justify the reason(s) for the rejection of their application, bid, quotation or proposal.
- 2.8.7 A public body shall incur no liability of any kind towards an Applicant or Bidder arising from the rejection of all bids, quotations or proposals.
- 2.8.8 A public body shall notify all Applicants or Bidders of the rejection of all bids, quotations or proposals of the decision being taken to reject all bids, quotations or proposals.
- 2.8.9 If a public body decides to cancel the procurement proceedings prior to the deadline for the submission of applications, bids, quotations or proposals, it shall return unopened, to the Bidder any such documents already received.

2.9 CORRUPT, FRAUDULENT, COLLUSIVE OR COERCIVE PRACTICES

- 2.9.1 The Government of the Federal Democratic Republic of Ethiopia represented by the Public Procurement and Property Administration Agency (PPA) requires Public Bodies, as well as bidders to observe the highest standards of ethics during the procurement and the execution of contracts. In pursuance of this policy, the Government:
- 2.9.1.1 Defines, for the purposes of this provision, the terms set forth below as follows:
- (a) “Corrupt practice” is the offering, giving, receiving or soliciting, directly or indirectly, of any thing of value to influence improperly the action of a public official in the procurement process or in contract execution;

- (b) “Fraudulent practice” is any act or omission, including misrepresentation, that knowingly or recklessly misleads, or attempts to mislead, a party to obtain financial or other benefit or to avoid an obligation;
- (c) “Collusive practices” is a scheme or arrangement between two or more Bidders, with or without the knowledge of the Public Body, designed to establish prices at artificial, non-competitive levels; and
- (d) “Coercive practices” is harming or threatening to harm, directly or indirectly, persons or their property to influence their participation in a procurement process, or affect the execution of a contract.
- (e) Obstructive practice is:
 - deliberately destroying, falsifying, altering or concealing of evidence material to the investigation or making false statements to investigators in order to materially impede the Federal Ethics and Anticorruption Commission, the Federal Auditor General and the Public Body or their auditors investigation into allegations of a corrupt, fraudulent, coercive or collusive practice; and/or threatening, harassing or intimidating any party to prevent their from disclosing their knowledge of matters relevant to the investigation or from pursuing the investigation, or
 - acts intended to materially impede the exercise of inspection and audit rights provided for under Clause 2.9.4 below.

2.9.1.2 Will reject a recommendation for award if it determines that the Bidder recommended for award has, directly or through an agent, engaged in corrupt, fraudulent, collusive, coercive or obstructive practices in competing for the contract in question;

2.9.1.3 Will debar a bidder from participation in public procurement for a specified period of time if it at any time determines the Bidder has engaged in corrupt, fraudulent, collusive, coercive or obstructive practices in competing for, or in executing, a contract. The List of Debarred Bidders is available on the PPA's Website <http://www.ppa.gov.et>.

2.9.2 In pursuit of the policy defined in Sub-Clause 2.9.1, the Public Body may terminate a contract for goods, works or services if it at any time determines that corrupt or fraudulent practices were engaged in by representatives of the Public Body or of a bidder during the procurement or the execution of that contract.

2.9.3 Where it is proved that the bidder has given or has offered to give inducement or bribe to an official or procurement staff of the public body to influence the result of the bid in his favor shall be disqualified from the bid, prohibited from participating in any future public procurement and the bid security deposited by them shall be forfeited

- 2.9.4 The PPA will have the right to require to inspect the Supplier accounts and records relating to the performance of the contract and to have them audited by auditors appointed by the PPA.
- 2.9.5 The code of ethics in public procurement as issued in the Proclamation and Directive is presented in **Appendix 6**.

3 PROCUREMENT PLANNING

A procurement plan spells out intended purchases, proposes the procurement method to be used, and shows different phases of the procurement process to delivery of the goods, works or services as necessary. It also provides a guideline for monitoring procurement implementing over the period.

3.1 MANDATORY PREPARATION OF PROCUREMENT PLAN

3.1.1 Any public body and other entities accountable to such public body shall be required to prepare a procurement plan supported by action plan enabling them to execute in due time, the procurement necessary to implement their work program.

3.1.2 This plan shall be updated on an annual basis and in a rational manner having regard to expected flow of funds. The Procurement Plan shall be incorporated into the Project Performance of the capital project. For procurement under the recurrent budget a public body shall prepare an Annual Procurement Plan. Preparation of Procurement Plan is mandatory for all public bodies. Any procurement object irrespective of value and/or methods should be included in the Procurement Plan. At the beginning of each financial year all public bodies shall prepare Procurement Plans reflecting both updated annual plan for the capital budget and annual plan for the recurrent budget. The head of a public body or an officer authorized by him/her shall approve the Procurement Plan.

A public body shall publish on their Notice Boards and, where applicable in their website, at the beginning of the financial year the estimated total procurement by category of goods and related services and works and physical services and intellectual and professional services which they intend to award during the subsequent 12 months. This is known as the "Annual Procurement Plan" prepared in accordance with the Directive and shall be in the format provided in Annex 1 of the Directive.

Procurement planning and budgeting processes and sample Project Procurement Plan are provided in **Appendixes 3 and 4**.

3.1.3 In identifying its procurement needs, any public body has to take the following point into consideration:

- (a) That the need can not be met by using unused resource or property available in the public body.
- (b) That the need can be met by a product or service available in the market.
- (c) That the need does not involve items which shall be of no use to the public body and cause the public body to incur unnecessary cost.

- (d) That the identification of procurement needs makes provisions for additional need that might arise in the future, especially in regard to the procurement of goods of long term contract.
- (e) That the procurement need is in line with standard items which are widely available in the market unless the need requires otherwise.
- (f) That the procurement need is environmentally friendly.

3.1.4 In determining its annual procurement needs arising from its various departments, a Public Body has to adhere to the following procedures:

- (a) Require end users in the public body to submit their annual procurement needs,
- (b) Identify the need submitted by end users by type of procurement, quantity, quality and source.
- (c) Identify goods, works and or services to which the public body gives priority and special attention.
- (d) Ascertain that there are adequate suppliers for the needs
- (e) Determine the cost estimate for each type of procurement by reference to survey conducted by the public body or price information obtained from other sources.
- (f) Ascertain that technical specification is prepared or will be prepared by end users.

3.1.5 Public bodies have to organize their procurement needs in packages based on procurement needs data collected from end users and market price survey, and taking into consideration the following points:

- (a) Without prejudice to the provision of article 53 of the Proclamation, where a situation arises in which a procurement comprises goods, services and works, the public body shall classify such procurement on the basis of the value of the component representing more than 50 % of the value of the procurement.
- (b) Assort, as far as possible, similar and related needs.
- (c) In respect of bulk purchase, ensure that there are adequate suppliers in the market or classifying the procurement into lots based on category of supplies, which can attracts competition.
- (d) Ensure that the procurement is convenient for execution and there are no hurdles obstructing the procurement.

- (e) Organize the procurement in such a way as to open up opportunity for as many local producers as possible to participate in the procurement.

4 PROCUREMENT METHODS

A procurement method is the technique that public body uses to acquire goods, works and services. The procurement methods described in this chapter are applicable to the procurement of goods, works and services (consultancy and non-consultancy). The method selected depends on a number of factors including the type of goods or service being procured, the value of the good or service being procured, the potential interest of foreign bidders and even the cost of the procurement process itself. The Proclamation provides as follows:

Proclamation Article 33:

The following six methods of procurement shall be used in public procurement:

- ⇒ Open Bidding
- ⇒ Request for Proposals
- ⇒ Two-Stage Bidding
- ⇒ Restricted Bidding
- ⇒ Request for Quotations; and
- ⇒ Direct Procurement

The following sections explore the choice of procurement methods and the factors considered for use of one method as opposed to the other.

4.1 CHOICE OF PROCUREMENT METHOD

The Proclamation and Directive and the Manual assumes that the public body is able to exactly spell out the object of procurement and can specify it in detail in the Bidding Documents and the technical specifications. Otherwise, procurement proceedings shall not begin until such time as the public body has been assisted to prepare a satisfactory technical specification against which bids shall be invited. The following sections describe the choice of procurement methods.

4.1.1 Open Bidding Method

- 4.1.1.1 Under open bidding method, all interested firms bidders are given adequate notification of contract requirements and all eligible bidders are given an equal opportunity to submit a tender. The public body must give sufficient public notification of bidding opportunities to potential bidders to determine their interest and prepare bid documents. The Open Bidding Method is the preferred method of procurement of goods, works and services (Consultancy and Non Consultancy), unless the threshold levels or circumstances relating to a specific requirement make it more appropriate for one of the other procurement methods to be used.

4.1.1.2 A public body may use a procurement method other than Open Bidding Method only in accordance with the requirements set out in Proclamation and Directive. These methods cover Restricted Bidding Method, Direct Procurement Method, Two-Stage Bidding Method and Request for Quotations Method. The selection of any procurement method other than Open Bidding should be recorded in the Records of procurement, stating the reasons and justification for the method selected, in compliance with the conditions specified in the relevant Proclamation and Directive. The procurement method applicable for a package shall be indicated in the procurement plan. The head of a public body may request for permission from PPA under exceptional circumstances, to use a procurement method other than Open Bidding for reasons not covered by Proclamation and Directive. Such decisions shall be justified on technical and/or economic grounds. A similar procedure to that set out above shall be followed to record the decision, except that a specific reason other than those specified in Proclamation and Directive shall be clearly provided (e.g. technical and/or economic justification) and the decision shall be approved by the head of a public body.

4.1.1.3 Directive provides threshold values which govern the use of procurement methods other than Open Bidding Method. Threshold value refers to the total value of each procurement transaction or package. If the procurement period is more than one financial year, then necessary budget provision should be made for each financial year, without splitting the package. Procurement Plan will show the procurement package and its total value. In case of procurement using Framework Contract, threshold values shall correspond to the estimated total contract value under that Framework Contract.

4.1.2 **Conditions for use of Restricted Bidding Method**

The restricted bidding procedure is a two-stage procedure where bidders express their interest following publication of a procurement notice, but only those invited by the public body may submit bids after a screening process. Thus the restricted procedure consists of two distinct stages - selection of suitable bidders and evaluation of bids. At the first stage, the only criteria which may be used to select prospective bidders are economic and financial standing or technical knowledge or capability of carrying out a specific assignment. The restricted procedure works best where the public body is clear at the start of the process as to what it wants to procure, in terms of pricing and other award criteria.

4.1.2.1 A public body may undertake procurement by the Restricted Bidding Method:

- When goods and related services and works and physical services, because of their specialized nature, are available only from a limited number of Suppliers or Contractors. (e.g. aircraft, locomotives, specialized medical equipment, contraceptives, telecommunications, silos, ports and harbors, etc).
- The cost of procurement does not exceed the threshold specified in respect of restricted bidding in the Directive.
- Where a repeated advertisement of the invitation to bid fails to attract bidders in respect of a procurement subject.

- Conditions for use of Restricted Bidding Method shall be considered as being fulfilled if the estimated value of any contract of goods and related services and works and physical services to be procured is within the threshold values specified in the Directive and summarized in **Appendix 1**.

Directive 23.3: Conditions for use of restricted bidding

The total contract value of Procurement made by restricted bidding, in accordance with Article 49.2 of the Proclamation shall not exceed the following:

1. for procurement of works Birr 2,000,000.00;
2. for procurement of goods Birr 500,000.00;
3. for procurement of consultancy services Birr 300,000.00;
4. for procurement of services Birr 400,000.00.

4.1.3 Conditions for use of Direct Procurement Method

4.1.3.1 Direct procurement happens when the public body, for some justified reasons, procures goods, works or services from only one source. A public body may use Direct Procurement Method for procuring goods and related services, works and physical services and intellectual and professional services directly from one single source without going through all the requirements of a full bidding process. However, this method shall under no circumstances be used as a means of avoiding competition or for favoring any one particular Bidder/Consultant or for creating any scope of discrimination among Bidders/Consultants. The conditions for use of direct procurement may be summarized as: i) small value contract, ii) availability of only one single source, iii) extension of existing contract; iv) for compatibility reasons; v) and emergency situations;

4.1.3.2 The head of a public body shall strictly control the Direct Procurement Method in order to ensure that there is no abuse and that its use is only where conditions specified in the Proclamation and Directive is satisfied. A decision to use Direct Procurement Method shall be approved in writing by the head of a Public body or an officer authorized by him/her.

The circumstances in which a public body is allowed to use direct procurement are detailed below.

- When in absence of competitions for technical reasons the goods, works or services can be supplied or provided by only one candidate and the quality and technical competence of such candidate is so superior or unique that it can not be

matched by any other candidate operating in the same field of activity. Such direct procurement shall be restricted and be undertaken only with the approval of the head of a public body.

- For additional deliveries of goods supplied by the original supplier which are required as:
 - partial replacement of existing supplies, services or installations;
 - as an extension of existing supplies, services or installations; or
 - where a change of supplier would result in the procurement of equipment, spare parts and/or services which would not be interchangeable with the existing equipment, spare parts and/or services.
- Within limits defined in the Directive, when additional works, which have not been included in the initial contract have, through unforeseeable circumstances, become necessary since the separation of the additional works from the initial contract would be difficult for technical or economic reasons.
- Within limits defined in the Directive, for new works which is a repeat of similar works which conform to a basic project of which the initial contract has been awarded on the basis of open or restricted bidding.
- Within limits defined in the Directive, for continuation of consultant services, where the original contract has been satisfactorily performed and the continuation of the original contract is likely to lead to gains in economy and efficiency.
- the head of the public body has determined that the need is one of pressing emergency in which delay would create serious problems and therefore injurious to the performance of that public body;
- where situations arise in which shopping becomes necessary to meet the special procurement need of public bodies;
- For purchase of goods made under exceptionally advantageous conditions which only arises in the very short term. This provision is intended to cover unusual disposals by firms, which are not normally suppliers. It is not intended to cover routine purchases from regular suppliers
- The additional procurement undertaken shall be approved by the same authority that approved the original procurement proposal, always provided that the head of a public body, or an officer authorized by him/her, had approved the use of Direct Procurement Method. The additional procurement shall not be allowed for more than one occasion for each contract. However, if under exceptional circumstances of the nature of force majeure, further additional procurement is required, then the public body shall seek direction from the PPA.

- 4.1.3.3 A public body may also use Direct Procurement Method for the purchase of readily available standard low value goods and unforeseen urgent services, e.g. catering services, ambulance services, transportation services, event management services, small repair/maintenance services, plumbing services, carpentry services, masonry services, painting services, etc., provided the contract value does not exceed the amount specified in Appendix 1. The Direct Procurement Method shall be undertaken in the manner prescribed in the Proclamation and Directive and the reasons for the selection of this method shall be documented in the records of procurement.

Directive Article 25.7:

- (a) Pursuant to the provision of article 51.2 of the Proclamation public bodies may carry out directly from any supplier, procurement of goods or services not included in their procurement plan, or goods or services necessary to solve problems encountered during travel the value of which doesn't exceed Birr 1,500 (one thousand five hundred Birr) however, the total value of such small procurements within a fiscal year shall not exceed birr 30,000.00 (thirty thousand Birr)
- (b) Notwithstanding the provision of sub-article (a) above, diplomatic missions of the Ethiopian Government may carry out procurements of emergency requirements not included in their procurement plan and the value of which does not exceed USD \$300 (three hundred USD) in a single purchase order. However, the total value of such small procurements within a fiscal year shall not exceed USD \$6000.00 (six thousand USD).

4.1.4 Conditions for Use of Two-Stage Bidding Method

- 4.1.4.1 A two-stage bidding method is used when the procurement process is split into two phases. The first phase identifies suitable candidates, who are then invited in the second phase to submit their firm bids. A public body may use the Two-Stage Bidding Method in accordance with the requirements set out in Proclamation Article, 57 and 58 and Article 19 of the Directive in the case of large or complex contracts of goods and related services and/or works and physical services, such as turnkey contracts for manufacturing process plants, e.g. the design, construction, installation of equipment and commissioning of a new factory, industrial plants or the procurement of major computer and communications systems or construction and commissioning of a public institution. Under this method, the bidding have to follow two-stages, First-Stage and Second- Stage.
- 4.1.4.2 The use of the word 'complex' in describing the nature of the items to be procured under Two-Stage Bidding Method covers procurement objects for which it may not be in the best interests of the public body to prepare complete technical specifications in advance because of rapidly changing technology. This could also be in situations when the public body may not be capable of preparing a full technical specification because alternative technical approaches may be available, but not within the

knowledge of the public body. In such circumstances, it is better for the public body to learn from Bidders about the most appropriate, fit-for-purpose solution to meet its procurement requirements.

- 4.1.5 Subject to the provisions of article 57 and 58 of the Proclamation, procurement made by means of two stage bidding shall be carried out in accordance with the procedures set forth for national or international competitive bidding, as the case may be, in article 16 or 17 of this Directive respectively.
- 4.1.6 Notwithstanding the provision of article 4.1.5 above, the following bid procedures shall apply in respect of two stage bidding:-
 - 4.1.6.1 It shall be stated in the invitation to bid that the procurement shall be carried out by means of two stage bidding,
 - 4.1.6.2 Candidates shall not be required to furnish bid security during the first of the two stages bidding,
 - 4.1.6.3 Since the purpose of the first stage is to draw up detailed schedule of requirements based on proposals from candidates, the bidding document prepared by the Public Body for the first stage shall state the requirements of the Public Body in general terms and incorporate the necessary description and questionnaires.
 - 4.1.6.4 The technical proposal submitted by candidates during the first stage shall be opened in the absence of the candidates in the manner stated in the invitation to bid.
 - 4.1.6.5 The first stage evaluation shall focus on examining the proposals submitted by candidates at the first stage to identify the schedule of requirements necessary and the bidders qualifying for the second stage bidding. During the first stage evaluation, the Public Body may also hold discussion with all, some or one of the candidates as necessary. The discussion to be conducted accordingly shall aim at creating better understanding of and develop the proposal/proposals submitted by the candidates.
 - 4.1.6.6 The bidding document to be proposed for the second stage bidding shall as far as possible comply with the procedure of competitive bidding set forth in article 16& 17 of this directive.
 - 4.1.6.7 Invitation shall be sent to the candidates whose proposals have been accepted in the first stage bidding to participate in the second stage bidding. Such bidders shall be required to furnish bid security.
 - 4.1.6.8 The Public Body shall send to such bidders or require them to collect in person the bidding document prepared for the second stage bidding.
 - 4.1.6.9 The invitation to bid sent to the candidates pursuant to article 4.1.6.7 above shall state clearly the requirements they have to fulfill to obtain the bidding documents.

Proclamation Article 57:

Public bodies may engage in procurement by means of two-stage bidding:

1. When it is not feasible for the public body to formulate detailed specifications for the goods or works and in the case of services to identify their characteristics and, in order to obtain the most satisfactory solution to its procurement need;
2. When the public body seeks to enter into a contract for the purpose of research, experiment, study or development except where the contract includes the production of goods in quantities sufficient to establish their commercial viability or to recover research and development costs;
3. Where bid proceeding are initiated but no bids are submitted as a result of the nature of the object of procurement not being clearly described or where all bids are rejected due to failure on the part of the public body concerned to draw up a clear and complete specification;
4. Because of the technical character of the required goods or works, or because of the nature of the consultancy or other services it is necessary for the public body to negotiate with the suppliers.

4.1.7 Conditions for Use of Request for Quotations Method

- 4.1.7.1 Sometimes referred to as shopping, request for quotations method is used to buy items of low value. A public body may undertake procurement by means of a Request for Quotations (RFQ) in accordance with the requirements set out in Proclamation and Directive for the purchase of readily available, standard off the shelf goods or for procurement of works or services for which there is an established market, so long as the estimated value of such procurement shall not exceed the prescribed threshold value as given in Article 24.2 of the Directive and Appendix 1.
- 4.1.7.2 The head of a public body shall strictly control the use of RFQ as a method of procurement in order to ensure that there is no abuse and that its use by public bodies is restricted to the items specified in the Proclamation and Directive. A decision to use the Request for Quotation Method shall be approved in writing by the head of a public body, or an officer authorized by him/her. In deciding and/or justifying the use of the RFQ method in public procurement, the following shall be considered:
- 4.1.7.3 There is a risk of abuse in procurement under RFQ. The use of this method shall be restricted to cases when the justification for it cannot be disputed. Public bodies may not use RFQ as a means to either by-pass more competitive methods of bidding or split large procurements into smaller ones solely to allow the use of RFQ, as stated in the Proclamation and Directive.

- 4.1.7.4 RFQ is a method that should not require complex documentation or all the formalities of a full Bidding process. It is, therefore, an appropriate method only for procuring readily available, off-the-shelf goods or standard specification commodities which are small in value and/or routine low value related services, physical services or stand alone services, e.g., catering services, courier services, security services, transportation services, printing services, etc. When the nature of the specifications is complex or the type of procurement requires an elaborate, detailed evaluation system (e.g., efficiencies, delivery times, etc.), that needs substantial documentation, open Bidding shall be used and not the RFQ method.
- 4.1.7.5 The public body shall put in place an operational mechanism reflecting a clear segregation of duties for the procurement officers executing the RFQ Method, whereby the procurement officer who invites and receives quotations shall not open it. The Bidder shall submit its offer in response to RFQ in a sealed envelop clearly marked on the top of envelop as “Quotation for ____”. The quotations shall be stamped for receipt indicating both the date and time of receipt. The quotations received by the public body shall be submitted directly without opening to the relevant authority on the appointed date for opening, examination and evaluation of offers received in response to RFQ.
- 4.1.7.6 The Request for Quotations Method shall be undertaken in the manner described in the Proclamation and Directive and the reasons for selection of procurement by the Request for Quotations Method shall be documented in the records of procurement.

Directive Article 24.1:

Public bodies may apply request for quotation to procure goods, works or services the need of which can not be foreseen, or which can not be included in the Public Body's bulk purchase of needed items, or which are needed for immediate use and the estimated value of which is within the threshold established in article 24.2 of the Directive.

General guidance on Specialized Procurements (spare parts, vehicles, textbooks, health goods, and IT) is provided in **Appendix 8**.

4.2 NATIONAL OPEN BIDDING METHOD

National open bidding method refers to the procurement procedure where Invitation to Bid is restricted to the Federal Democratic Republic of Ethiopia.

4.2.1 Advertisements

4.2.1.1 In order to attract a reasonable number of applicants and to alert all candidates who may be interested in the bid, public bodies are required to advertise the bid. A public body shall be responsible for advertising directly all, Invitations to Bid (ITB) for goods and related services, works and non-consultancy services, Request for Expressions of Interest ,intellectual and professional services whichever applicable and Invitations for Pre-Qualification (IFPQ).

4.2.1.2 Invitations for Pre-qualification, Invitations to Bid and Request for Expressions of Interest shall be advertised in at least one newspaper that has nationwide circulation. In order to attract a large number of bidders, the bid advertisement may also be posted on the website of the procuring public body. Public bodies shall send Invitation for Pre-qualification (IFPQ) and Invitation to Bid (ITB) and Request for Expressions of Interest for goods, works and services whose potential contract values is above the threshold stated in article 6.5 of the Directive, for publication on the PPA website. The public bodies shall advertise their procurement requirements in accordance with the following procedures:

4.2.1.3 Advertising for specific Invitations for Pre-qualification, Invitations to Bid and Request for Expressions of Interest shall be issued for goods & related services, works & physical services and intellectual and professional services which have been entered into the Annual Procurement Plan. Pre-qualification or bid or proposal documents should be ready for issue or sale to interested Applicants and Bidders at the time of the appearance of the advertisement.

4.2.1.4 In addition to one national newspaper which has a wide daily circulation in the Federal Democratic Republic of Ethiopia, public bodies based outside Addis Ababa may publish the advertisements in a maximum of two (2) widely circulated local or regional daily newspapers.

The format to be used for Invitation to Bid (ITB) is attached in Appendix 8.

4.2.2 **Invitation for Pre-qualification**

4.2.2.1 A public body may initiate pre-qualification proceedings, prior to the issue of an Invitation to Bid for the purpose of identifying those Applicants who are qualified to deliver the required goods and related services and works and physical services. Procurements requiring prequalification bids should satisfy at least one of the following criteria:

- Where the procurement pertains to a work of design, manufacturing or installation of a very high value or complex nature, or
- Where the procurement pertains to a turnkey contract of works, or the acquisition of machinery or Information technology, or
- Where the procurement pertains to supply of goods or equipment of considerable importance and includes installation, or
- Where the cost of drawing up bidding documents is so high that only pre-qualified bidders should participate in the bid

4.2.2.2 Invitation for pre-qualification is a means to inform potential bidders the opportunity for prequalification in anticipation of subsequent bidding among pre-qualified applicants. The IFPQ shall provide adequate information to stimulate participation of potential bidders. The contents of IFPQ may vary between contracts, but at minimum, it shall provide the following information:

- The name and address of the public body publicizing the Invitation for pre-qualification;
- A brief description of the object of the procurement, including the desired time for delivery or completion;
- The minimum qualification criteria to be satisfied by the Applicants;
- The means and conditions for obtaining the pre-qualification documents and the place from where they may be obtained;
- The place and deadline for the submission of the applications for pre-qualification; and
- The date of availability of the pre-qualification documents, if already known;
- The price of the pre-qualification document and the means of payment;
- The place and deadline for submission of applications for pre-qualification;
- Other matters that the public body deems necessary for Applicants to know;

- The invitation for pre-qualification shall be prepared in the language in which the bid proceeding is to be conducted as provided in article 16.13 of the Directive.

4.2.2.3 Public bodies may allow Applicants participating in a prequalification bid to compete in joint venture or partnership if it is considered advantageous for Applicants to form a Joint venture, Consortium or Association in order to undertake a specific assignment. A public body may make a statement in the Invitation for Pre-qualification that the formation of for the concerned assignment may be appropriate, provided that each firm or member of the JV shall be jointly and severally liable for all contractual obligations. However, a public body cannot make the formation of a JV a mandatory requirement.

4.2.2.4 In order to implement the required procurement in the most efficient manner, the pre-qualification procedure should be carried out in parallel with the preparation of Bidding Documents. In this way, the Bidding Documents should be ready as soon as the evaluation of the pre-qualification applications has been completed. By undertaking the two tasks together, the public body can take advantage of any relevant information that is learned from the pre-qualification applications that can be incorporated into the Bidding Documents. Bidding Documents for pre-qualification shall be prepared in conformity with the standard bidding document concerning pre-qualification issued by the PPA.

4.2.2.5 The time allowed for Applicants to prepare their pre-qualification submissions shall be fixed in accordance with floating period of bids defined in Annex 3 of the Directive. It is most important for both the newspaper and website advertisements to be published at the same time. It is equally important for the pre-qualification document to be ready for sale at the time of the appearance of the advertisements.

4.2.2.6 If due to the complexity of the procurement the Bidders request an extension for the period of submission of their applications then the public body may extend the submission deadline if it deems that the Applicants' requests are justified.

4.2.3 **Pre-Qualification Documents**

4.2.3.1 Pre-qualification documents shall include as a minimum the following requirements:

- a description of the object of procurement, including a summary of the principal terms and conditions of the contract that shall be entered into as a result of the procurement proceeding, e.g. identification of the particular standard bidding document to be used, description of the scope of work with estimates of key quantities and required production rates, source of funds, eligibility and qualification criteria, need for special equipment, probable time for inviting bid, probable time for completion, nominated subcontractors by the Public body for specialized components of the works, if any;
- a statement that the public body reserves the right to reject any or all bids;
- the currency and means of payment for the bid documents;

- a declaration, which may not be altered, that suppliers or contractors may participate in the procurement proceedings regardless of nationality, or a declaration that participation is limited to a certain nationality;
- instructions for preparing and submitting pre-qualification applications;
- any evidence or other supplementary information required by the Proclamation and Directive that shall be submitted by Applicants to demonstrate their qualifications to undertake the concerned procurement;
- the manner in which pre-qualification applications shall be submitted by Applicants, the place and the deadline for such submission, as stated in Invitation for Pre-qualification.

4.2.3.2 Pre-qualification documents shall be made available to Applicants at a price not exceeding the costs of reproduction and delivery to Applicants in the manner stated in the Invitation for Pre-qualification. There shall not be any pre-conditions (e.g. submission of documentary evidence) whatsoever for sale of pre-qualification document to any Applicant. The sale of pre-qualification document shall be permitted up to the day prior to the deadline for the submission of pre-qualification application.

4.2.3.3 A public body shall respond to any request by an Applicant for clarification on the pre-qualification document that is received by the entity within a reasonable period of time, prior to the deadline for the submission of applications. In this case, ten (10) days prior to the deadline for the submission of applications in respect of national competitive bidding and twenty one (21) days in respect of international competitive bidding is considered to be a reasonable period of time by which all clarification requests shall be received by public bodies. A public body shall have no obligation to answer any clarification request received after that date. The response by the public body shall be communicated as soon as practicable. However, depending upon the nature and extent of the clarification, it may be necessary for the public body to consider an extension to the deadline for the submission of pre-qualification applications. The response to a clarification request should be copied to all Applicants who have purchased the pre-qualification documents, without indicating the source requesting the clarification.

4.2.3.4 A public body shall promptly notify all Applicants whether or not they have been pre-qualified. Upon receipt of a request, the public body is also required to advise any member of the general public of the names of all Applicants who have been pre-qualified. Only Applicants who have been pre-qualified are entitled to participate further in procurement i.e. purchase the Bidding Documents.

4.2.3.5 Upon receipt of a request from an unsuccessful Applicant, the public body shall notify the Applicant of the grounds for its exclusion. However, the entity is not required to provide any further information or explanation of those grounds.

4.2.3.6 A public body is entitled to require a pre-qualified Applicant to demonstrate its qualifications again when submitting its bid by presenting the same information about its qualifications though updated as appropriate. A public body shall disqualify any

Applicant that fails to demonstrate its qualifications, again when requested to do so for post-qualification purposes.

4.2.3.7 Public bodies shall use the standard pre-qualification document issued by PPA when undertaking a procurement using the pre-qualification process. The following steps shall be noted for Pre-qualification purposes:

- The evaluation of pre-qualification applications shall be undertaken in accordance with the Proclamation, Directive and the Manual.
- In this respect, reference shall be made to examination and evaluation of bids that contains a more detailed explanation of the appointment, membership, duties, and responsibilities and obligations of the Bid Evaluation Committee and its members.
- The evaluation of pre-qualification applications may require the appointment of a Technical Sub-committee (TSC) and/or at the discretion of the head of a public body or an officer authorized by him/her, additional external technical experts, with specific knowledge of the services required, from the user/beneficiary entity, to assist the Bid Committee in the evaluation of the concerned pre-qualification applications. In general, the tasks detailed below shall be undertaken in a similar manner to that detailed in Proclamation and Directive, which concern the receipt and evaluation of bids and Notification of award and signing of contract.
- The pre-qualification applications shall be received by the public body and kept in safe custody. On the deadline for the submission of applications, the received applications shall be submitted to the Chairperson of the Bid Committee formed by the concerned public body. Any applications received after the deadline for submission of pre-qualification application shall be returned unopened to the Applicant.
- The Bid Committee shall evaluate the pre-qualification applications in accordance with the evaluation criteria specified in Bidding Document, which outline the information to be provided by the Applicant and shall detail how that information shall be evaluated.
- Upon completion of the evaluation of the pre-qualification, the Bid Committee shall prepare a Pre-qualification Evaluation Report that shall be submitted to the head of a public body or an officer authorized by him/her or an approving authority for approval. The report shall state the persons or firms who meet the pre-qualification criteria. It should be noted that all those who have achieved the required level are to be considered as pre-qualified for the intended bid. No restriction on the number of qualified firms is permitted.
- If considered both desirable and practical, the Bid Committee may visit the premises of Applicants to verify information contained in their applications. Such visits can be particularly useful when evaluating applications in respect of high value or complex works projects. The objective of any visit is not to inspect financial accounts or similar aspects of the application which can be done through

desk review of documents /annual financial statements. It should focus upon a general and visual inspection and verification of the Applicant's facilities, its current and previous project sites, and its plant and equipment.

- It is not permitted for the Bid Committee to introduce any new evaluation criteria which were not stated in the pre-qualification document.

4.2.4 **Invitation to Bid**

4.2.4.1 The preparation of the Invitation to Bid and its publication is the responsibility of the public body. As a minimum, the Invitation to Bid shall include:

- The name and address of the public body publicizing the Invitation to Bid;
- The type and to the extent possible the quantity and place of delivery of the goods or services, or the nature and the site of the construction to be effected, or the type of the consultancy service to be rendered and the place where such service is rendered;
- The criteria to be satisfied by the candidates, who can participate in the bid;
- The place where the bidding documents can be obtained;
- The amount of the bidding security;
- The price of the bid document and the means of payment;
- The place and deadline of submission of bids, and the place, date and hour of the bid opening;
- A statement that the public body reserves the right to reject any or all bids
- Other matters that the public body deems necessary for bidders to know;
- The invitation to bid shall be prepared in the language in which the bid proceeding is to be conducted as provided in article 16.13 of the Directive
- The format and text to be used by public bodies for the Invitation to Bid (ITB) is provided in **Appendix 8**. Public bodies should follow these formats. The current list of documents available from PPA is attached in **Appendix 8**.

4.2.4.2 The minimum period for submission of bids shall be fixed in accordance with Annex 3 of the Directive. These periods shall apply, provided the Bidding Documents are ready for sale by the date of the advertisement referred to in Advertisements. It is important for both the newspaper and website advertisements to be published at the same time. Otherwise, potential Bidders may be justified in seeking an extension to the period for the submission of their bids, thus delaying procurement.

4.2.4.3 It is equally important for the Bidding Documents to be ready for issue or sale, as appropriate, at the time of the appearance of the advertisements. Otherwise, again potential Bidders may be justified in seeking an extension to the period for the submission of their bids, thus delaying procurement.

4.2.5 **Bidding Documents**

4.2.5.1 The preparation of the bidding document is the responsibility of the public body and it shall follow Standard Bidding Documents (SBDs) prepared and issued by the PPA. In any case, the bidding document shall contain sufficient information to enable competition to take place among bidders on the basis of complete, unbiased and objective terms. It is important to note that the estimated cost of the object of procurement should be reassessed and approved prior to finalization of the Bidding Documents.

4.2.5.2 Although preparation of the Bidding Documents is the responsibility of the public body, it shall be prepared in close collaboration with the beneficiary and end user, particularly in respect of the preparation of the technical specification, as stated in the Technical Specifications. Furthermore, in the event that a public body has any concerns in regard to any aspect of the required Bidding Documents, it may refer its concerns to the PPA for advice or guidance. The Bidding Documents shall furnish all information necessary for a potential bidder to prepare a bid. The details and complexity of the information required may vary with the nature of the proposed bid package. In particular, Bidding Documents must include:

- instructions for the preparation and submission of bids;
- information about the final date for receipt of bids, the address to which bids must be sent, the date, hour and place of the bid opening, as well as an announcement that bidders or their representative(s) are allowed to attend the bid opening ceremony;
- bid submission sheet and sample formats for bid security, performance security and manufacturers' authorization, where applicable;
- the number of copies to be submitted with the original bid;
- general and special conditions of contract;
- specification of requirements, including time limit for delivery or completion of task, as appropriate;
- evidence to be provided by the bidder to demonstrate its qualifications as well as its fiscal and legal standing;
- the period during which the bid shall remain in force;

- the criteria and the points given to each criterion for evaluation of bids and award of contract;
- a reservation to the effect that the public body may reject all bids at any time prior to the notification of award; and
- the price adjustment that may be made during contract implementation and the conditions and the manner under which such price adjustments can be made to special procurements prescribed by the Minister.

4.2.5.3 By way of further explanation of the above procedures, public bodies shall comply with the following instructions when preparing Bidding Documents. Bidding Documents shall be so worded that they permit and encourage open competition and shall set out clearly and precisely:

- the work to be carried out;
- the location of the work;
- the goods to be supplied;
- the place of delivery or installation;
- the schedule for delivery and completion;
- the minimum performance requirements;
- the warranty and maintenance requirements; and
- any other relevant terms and conditions.

4.2.5.4 In addition, the Bidding Documents, where appropriate, shall define the tests, standards and methods that shall be used to verify the compliance of the goods/equipment to be delivered or works to be performed, with technical specifications. Any drawings included in the Bidding Document shall be consistent with the text of the technical specifications and an order of precedence between the two shall be specified in the Bidding Document.

4.2.5.5 The Bidding Document shall specify any criteria, in addition to price, which shall be taken into account in evaluating bids and how these shall be measured or otherwise evaluated.

4.2.5.6 If bids based upon alternative designs, materials, completion schedules, payment terms, etc., are permitted, the conditions for their acceptability and the method for their evaluation shall be stated in the Bidding Document.

4.2.5.7 All prospective Bidders shall be provided the same information and be assured of equal opportunities to obtain additional information promptly upon request.

- 4.2.5.8 Public bodies shall provide reasonable access to work/project sites for visits by potential bidders. For works or complex supply contracts, particularly for those requiring refurbishing existing works or equipment, a pre-bid meeting may be arranged at which potential bidders may seek clarifications. Minutes of the pre-bid meeting shall be provided to all prospective bidders, even those who do not attend the meeting.
- 4.2.5.9 Any additional information and/or correction of errors in the Bidding Documents, which are identified as a result of this meeting, shall be circulated to all bidders in the form of an addendum to the Bidding Documents that shall have a date and an issue number. The addendum must be circulated allowing sufficient time before the deadline for the receipt of bids to enable bidders to take appropriate action. If necessary, the deadline for bid submission shall be extended.
- 4.2.5.10 The invitation of the bid price shall include the following:
- a bid price shall be invited on the basis of the delivered price of the goods to the destination or for the completion of works or installation, inclusive of all associated services to be performed by the Bidder (e.g. transport, insurance, training, specialized tools, manuals, etc.). The quoted price shall include all taxes and customs duties and clearance charges, except VAT. However, the Bidder will be required to indicate VAT in the priced schedule to enable the public body to take account of such tax in its budget.
- 4.2.5.11 The Bidding Document shall state that:
- the bid price shall be fixed; or
 - price adjustments shall be allowed in respect of works contracts, after 12 months from the effective date of such contracts and in respect of procurement made under a framework contract, after 3 months from effective date of such contract.
- 4.2.5.12 Where it is verified that, in respect of works contracts, the performance of the contract requires more than 18 months prices may be adjusted by the use of a prescribed formula stated in the Bidding Document.
- 4.2.5.13 Standard Pre-qualification documents and Standard Bidding Documents (SBDs) issued by the PPA are mandatory for all public bodies to use for procurement of goods, works, non-consultancy services, and consultancy services. Public bodies have to reproduce the part of the standard bidding documents dealing with the instruction to bidders and the general conditions of contracts in the bidding documents they prepare without making any change there to, while making any adjustment to the other parts of the standard bidding documents that they consider appropriate to the type and nature of the procurement, provided those adjustments, under no circumstances, contradict with the Proclamation, Directive and the Manual.

4.2.6 Provision of Bidding Documents

4.2.6.1 Bidding Documents shall be made available to bidders as soon as the relevant advertisement appears in the press. When a public body makes a charge for a document, it shall not exceed the cost of producing and delivering the document to Bidders. The head of a public body or an officer authorized by him/her will determine the price of the Bidding Document. Bidding Documents shall be advertised on a public body's website where possible. The advertisement is for information only and potential bidders cannot use any documents downloaded from the entity's website for the purpose of bidding. All bidders shall bid using Bidding Documents purchased directly from the public body.

4.2.6.2 No Bidding Document can be made available before the date of publication of the Invitation to Bid. A public body cannot refuse to make Bidding Documents available immediately to persons requesting them and willing to pay the corresponding price, provided the advertisement has been published in the press. There shall not be any pre-conditions (e.g. submission of documentary evidence) whatsoever for sale of Bidding Document to any bidder. The sale of Bidding Document shall be permitted up to the day prior to the deadline for the submission of bid. Bidding Documents, as well as any modification to Bidding Documents shall be made available to bidders by:

- the office of the public body;
- mail or courier at the request of potential bidders against payment by the bidder of the corresponding mailing charges in addition to the prices of the documents; and
- advertisement in the public body's website (a downloaded document shall not be used for submission of bid).

4.2.6.3 Public bodies who advertise Bidding Documents on their website shall ensure that:

- the advertisement for Bidding Document is not removed from the website, prior to the closing date for the submission of bids; and
- the numbers and dates of issue of all modifications and clarifications to the Bidding Document are also posted on the website.

4.2.6.4 The public body shall record all persons or firms to whom Bidding Documents have been issued. Such records shall have a reference number and include full contact details: mailing address, telephone and facsimile numbers and electronic mail address, if applicable. A bid shall not be accepted from any person or firm that is not recorded by the public body as having received and where relevant, purchased the Bidding Document, together with all subsequent addenda to the document.

4.2.7 Modifications to Bidding Documents

4.2.7.1 At any time prior to the deadline for the submission of bids, a public body may, on its own initiative or in response to an inquiry by a bidder, who has purchased the Bidding Documents, modify the Bidding Documents by issuing an addendum. The addendum then becomes integral part of the Bidding Document and shall be communicated immediately to all bidders who have purchased the Bidding Documents, with a request that they shall acknowledge receipt of the addendum. Every addendum shall be given a serial number and a corresponding date of issue. All public bodies which have advertised Bidding Documents on their website shall also advertise relevant addenda on their website.

4.2.7.2 If a public body considers it is necessary to amend the Bidding Documents, it may postpone the deadline for the submission of bids. In such case, they shall set a new deadline by an appropriate number of days, depending upon the object of procurement and the content of the addendum, to enable Bidders to take full account of the addendum during the preparation of their bids.

4.2.8 **Bid Validity and Bid Security**

4.2.8.1 Bidders shall be required to submit bids that shall remain valid (i.e. open for acceptance), for the period specified in the Bidding Document. The validity period shall allow sufficient time for the public body to evaluate the bids, prepare and submit the bid evaluation report and to obtain all necessary approvals for the notification of award and signing of a contract with the successful bidder before the expiry of the bid validity period. The bid validity period specified in the Bidding Documents shall vary, depending upon the complexity of the bid. It shall normally be between 60 (sixty) days and 120 (one hundred and twenty) days. However, to suit the requirement of a particular procurement shorter/longer periods may be authorized by the head of a public body or an officer authorized by him/her.

4.2.8.2 A public body shall complete a bid evaluation within the initial period of bid validity, so that an extension to the validity period shall not be required. However, if justified by exceptional circumstances, a public body may request a bidder to extend the validity period of its bid. Public bodies shall send a written request to bidders in which they are requested to extend the validity period of their bids. The request shall state the new date for the expiry of bids.

4.2.8.3 Bidders are not obliged to agree to such requests. However, if a bidder agrees to extend its bid, such agreement shall be in writing and to the new date for the expiry of bids that has been requested by the public body. Also, if a bidder has submitted a bid security, as a requirement of the bidding terms and conditions, the bid security shall be extended, along with bid validity as detailed in the Manual.

4.2.8.4 If a Bidder should decide not to extend its bid, then it may do so without forfeiting its bid security. In such cases, the concerned bid shall receive no further consideration in the evaluation proceedings and the bid security shall be returned, as soon as possible, to the bidder or its bank, as appropriate.

4.2.8.5 Extension of bid validity shall not be requested without prior consent of the head of the public body or his/her delegate. All extensions to bid validity periods shall be approved by the head of the public body or his/her delegate.

4.2.8.6 Except for procurement of consultancy services, public bodies have to fix and clearly indicate in the bidding document, the amount and mode of bid security to be required of bidders when executing procurement by means of open, restricted or two stage bidding. However, the public body may require bidders to furnish bid security for consultancy service if, for any reason, such public body finds it necessary to do so. The purpose of the bid security is to discourage irresponsible bidders who are not seriously interested in the proposed bid.

The amount of bid security a Public Body may require shall be in the range of 0.5% to 2% of the total estimated contract price, which the public body has to fix and indicate in the Invitation to Bid and the Bidding Document. However, the bid security to be fixed by the public body shall not exceed 500,000.00 (five hundred thousand) Birr. (refer to Article 16.16.2 of the Directive).

The validity period of bid security provided by bidders should extend for at least 28 days after the expiration of bid price validity. This is to enable a public body to have time to make a claim against a bidder. In the event of an extension to the validity period of the bid, the bid security shall be extended for at least twenty-eight (28) days beyond the new expiry date of the bid. The public body shall advise the bidder of the date by which the extension to the bid security shall be received.

In case of doubt, authenticity of bid security and its extension submitted by a bidder can be verified by the Bid Committee by sending a written request, prior to finalization of the Bid Evaluation Report, to the branch of the Bank issuing the bank draft, pay order or irrevocable bank guarantee to seek confirmation of their issuance of a bid security. The bidder whose bid security is not found to be authentic shall no longer be considered for further evaluation, and in such cases, the public body shall proceed to take measures as stated under Proclamation and Directive.

4.2.8.7 As provided in the Proclamation, the public body shall include in the Bidding Documents a condition that bids must be accompanied by bid security in the form of cash, cheque certified by a reputable bank, bank guarantee or letter of credit. The amount of such security shall be sufficient to discourage irresponsible bids and shall remain within limits stated in the Directive. Any bid security will be forfeited if a bidder withdraws his bid within the validity period thereof or, in the case of a successful bidder, if the bidder repudiates the contract or fails to furnish performance security, if so required.

4.2.9 **Submission and Receipt of Bids**

4.2.9.1 All bids shall be in writing, signed and submitted in a sealed envelope. They shall be delivered to the place(s) stated in the Bidding Document, prior to the deadline for the submission of bids stated in the Bidding Document or amendments thereof. Bidders are not permitted to submit bids by telex, facsimile or electronic mail. Any such submission shall not be considered even, if it is subsequently submitted in accordance

with the requirements set out in the preceding paragraph. Bids can be delivered only by hand or mail, including courier services.

- 4.2.9.2 All Bidding Documents shall contain instructions to bidders concerning the manner in which bid envelopes shall be marked and submitted. Bids shall be properly marked by bidders in order that they shall not be confused with other types of correspondence which may also be hand-delivered or posted by mail or courier service.
- 4.2.9.3 It is important that bidders properly seal and mark the envelopes to ensure that they are not only “intact and sealed” at the time of opening of the ‘bid box’, but also have not been opened at any time prior to this because they were inadequately marked. The bidder is solely and entirely responsible for pre-disclosure of bid information if the envelopes are not properly sealed and marked. If such a case arises during the time of opening, the Chairperson and Members of the Bid Committee shall decide if any disclosure of information contained in the bid has tainted the integrity of the bid process or not and accordingly accept or reject this bid.
- 4.2.9.4 All bids received shall be kept in a secured and safe place with the public body as its custodian. For instance, locked bid boxes/cabinets are used in many cases. When the bids are in large volume or envelopes are large and/or thick, it is usually directly received by an assigned officer of the public body. Whatever is the case, the public body shall ensure the safety and security of bids when they receive them.
- 4.2.9.5 The public body shall issue receipt for bid documents it receives from bidders in acknowledgement of receipt. The officer receiving the bid shall issue a receipt stating name and address of the bidder and the date and time of receipt of the bid. A receipt shall also be given when a bid is sent through either courier service or by post.
- 4.2.9.6 Bids received after the deadline for the submission shall be returned to the bidder unopened.
- 4.2.10 **Opening of Bids**
 - 4.2.10.1 The time stated in the Bidding Document for the opening of bids, should be immediately after the deadline for the submission of bids. A public body shall open in public and only in one place all bids received on or before the deadline for the submission of bids. The location and the place where the bids shall be opened should be suitably equipped and reserved in advance for the purpose of the bid opening.
 - 4.2.10.2 At least 3 employees from the procurement unit shall participate in the bid opening process and to the extent possible, representatives from departments of the public body benefiting from the procurement may attend the bid opening process.
 - 4.2.10.3 As attendance of bidders or their authorized representative is optional, the start of the bid opening shall not be delayed, even if every bidder is not represented. A representative may be asked to produce authorization from a bidder to show that he is authorized to attend the opening on bidders’ behalf.

- 4.2.10.4 All persons attending the bid opening shall sign the Attendance Register, duly countersigned by members of the Bid Opening Team.
- 4.2.10.5 A Bid Opening Sheet, upon which to record the opening, shall be prepared to enable the Bid Opening Team to record the information announced at the opening.
- 4.2.10.6 The following information, at the minimum, shall be read out from the original version of each bid and recorded on the Bid Opening Sheet (BOS):
- name of the bidder;
 - withdrawal or modifications, if any;
 - the bid price for the contract and rebate offered by that bidder and the bidder's conditions for such rebate;
 - the amount and kind of bid security, if required; and
 - any other information enabling bidders to know their relative position in the bid concerned.
- 4.2.10.7 Bid modifications or discounts, which are not read out at the bid opening or recorded on the BOS, shall not be considered in the evaluation of the concerned bids. No bid shall be rejected at bid opening except for late bids.
- 4.2.10.8 Upon completion of opening of the bids, all members of the Bid Opening Team and the bidders or their representatives who attended the bid opening shall sign the BOS. Copies of which shall be issued to the head of a public body or an officer authorized by him/her and to the bidders, upon their request.
- 4.2.10.9 Any bid that was not opened at the bid opening shall not be considered and shall be returned unopened.
- 4.2.11 **Examination and Evaluation of Bids**
- 4.2.11.1 Public bodies shall examine and evaluate bids strictly in accordance with the provisions of the Proclamation and Directive and the requirements contained in the Bidding Document.
- 4.2.11.2 The head of public body may establish ad hoc Bid Evaluation Committee for procurements which are complex and require detailed technical evaluation.
- 4.2.11.3 Members of the ad hoc Bid Evaluation Committee shall be appointed by the head of public body and the committee shall have five members including the Chairperson and the secretary. Persons appointed, as members of the ad hoc Bid Evaluation Committee shall be renowned for their ethical behavior, shall have never been subject to disciplinary actions, and shall have the knowledge and experience required to carry out procurement. Five members of the ad hoc Bid Evaluation Committee may, if possible be assigned from different departments of the public body.

4.2.11.4 Once the ad hoc Bid Evaluation Committee has been appointed, its members can only be removed from the Committee by the head of a public body or an officer authorized by him/her or an approving authority for valid grounds, which may include, but are not limited to:

- failure to disclose his/ her connection with a bidder, even if the member continues to act in an impartial manner;
- regular failure to attend ad hoc Bid Evaluation Committee meetings; and
- any action that is in direct breach of Proclamation or Directive (Corrupt, Fraudulent, Collusive or Coercive).

4.2.11.5 Ad hoc Bid Evaluation Committee members may be selected from:

- officers of the concerned unit of the public body e.g. Finance, Commercial and Technical units;
- officers from the concerned public bodies or other Agencies under the concerned public bodies;
- officers from the end-user/beneficiary entity; and
- technical/commercial/financial/legal experts from other public bodies, and/or from universities and/or reputable professional bodies in the case of the two outside members.

4.2.11.6 Members of the ad hoc Bid Evaluation Committee are required to:

- certify collectively in the Bid Evaluation Report, by jointly signing that “in compliance with the Proclamation and Directive, the ad hoc Bid Evaluation Committee certifies that the examination and evaluation has followed the requirements of the Proclamation, Directive, the Manual and Bidding Document, that all facts and information have been correctly reflected in the Evaluation Report, and that no substantial or important information has been omitted”; and
- sign singularly, a declaration of impartiality individually in the following manner after opening of the bids “I, [\[insert name of the ad hoc Bid Evaluation Committee member and designation\]](#), do hereby declare and confirm that I have no business or other links to any of the competing Bidders”. However, as any list of Bidders shall not be known in advance, it may become necessary to replace members of the ad hoc Bid Evaluation Committee, if bids are received from bidders with whom members have business or other links.

4.2.11.7 The ad hoc Bid Evaluation Committee shall, to the extent practical and possible, work continuously once they have begun an evaluation in order to complete evaluations as per time frame specified in the Procurement Plan and the deadlines given in the respective Bidding Documents. It is the responsibility of the ad hoc Bid Evaluation

Committee members upon accepting their roles on the ad hoc Bid Evaluation Committee, to secure permission from their controlling officers to allocate enough time for the bid evaluation task. The head of the public body may designate one of the members as Member or Secretary of the ad hoc Bid Evaluation Committee.

- 4.2.11.8 The evaluation of bids for the same procurement object shall, under no circumstances, pass through more than one ad hoc Bid Evaluation Committee.
- 4.2.11.9 The ad hoc Bid Evaluation Committee members themselves shall examine and evaluate the bids, and prepare the evaluation report including recommendations for award of contract, without delegating any responsibility to others.
- 4.2.11.10 The head of a public body or an officer authorized by him/her may also appoint other experts if it is felt that a particular bid requires such assistance, provided that it follows the timeline stipulated.
- 4.2.11.11 A public body may find a bid complete and qualify that bid for detailed evaluation only if the bid document submitted by the bidder is opened during the bid opening proceeding and complies with the prerequisites and essential requirements stated in the Bidding Document.
- 4.2.11.12 A public body may ask bidders for clarification in writing of their bids in order to assist the examination and evaluation of the bids. However, bid clarifications which may lead to a change in the substance of the bid or in any of the key elements of the bid (e.g. price, delivery schedule, etc.), shall neither be sought from bidders by the public body, nor offered by the bidders nor the bidders are permitted to do so. All clarification requests shall remind bidders of the need for confidentiality and that any breach of confidentiality on the part of the bidder may result in their bid being disqualified.
- 4.2.11.13 A public body shall correct purely arithmetical errors that are detected during the preliminary evaluation of bid documents, and shall promptly notify any such correction(s) to the concerned bidder(s). Such notification shall be undertaken in writing. If the bidder does not agree to such corrections, the bidder shall be dropped out of the bid proceeding.
- 4.2.11.14 A public body may accept a bid as complete notwithstanding that such bid contains elements representing certain variance with the bidding document, in so far as such elements do not alter the conditions of contract and other essential requirements forming the fundamental aspect of the Bidding Document, or bears minor errors or deviations which can be corrected without affecting the essence of the bid. However, such deviations shall, as far as possible, be expressed in monetary terms to be taken account of in the evaluation of bids.
- 4.2.11.15 A public body shall not award a contract when:
- the Bidder has failed to demonstrate its qualifications as required under Article 28.1 of the Proclamation.

- the Bidder does not accept a correction of an arithmetical error made in accordance with the Bidding Documents; and
- the bid is not substantially responsive, i.e. it does not sufficiently meet the requirements of the qualifications, technical specifications or financial and commercial terms and conditions set out in the Bidding Document.

4.2.11.16 A public body shall evaluate and compare bids that are responsive to the requirements of Bidding Documents in order to identify the successful bidder, as described below. There shall be no consideration within the bid evaluation of any information contained in a bid submission that was not requested in the Bidding Document.

4.2.11.17 In order to identify the successful bidder, the public body shall conduct detailed evaluation of bids it receives at the initial stage of the bid proceeding, on the basis of the requirements set forth in the bidding document. The public body may not evaluate bids against other criteria than those stated in the Bidding Document

4.2.11.18 The successful bid shall be:

- (a) the bid that is found to be responsive to the technical requirements and with the lowest evaluated price;
- (b) if the public body has so stipulated in the Bidding Document, the bid offering better economic advantage ascertained on the basis of factors affecting the economic value of the bid which have been specified in the Bidding Documents, which factors shall, to the extent practicable, be objective and quantifiable, and shall be given a relative weight in the evaluation procedure or be expressed in monetary terms wherever practicable.

4.2.11.19 In conducting detailed evaluation of bids, the unconditional discount offered by bidders shall be considered.

4.2.11.20 If necessary, verification may be done in post qualification to ascertain whether a bidder has the legal competence to transact with the public body, or possesses the necessary financial and technical qualification stated in the Bidding Document.

4.2.11.21 Where two bidders get equal merit points in the evaluation, preference shall be given to local products or services in accordance with article 25.3 of the Proclamation.

4.2.11.22 If there is a tie for the lowest evaluated price, it could be considered that bidders are equal in all respects, a clear draw program in the presence of the bidders will be carried done to determine the successful bidder.

4.2.11.23 Public bodies shall complete and disclose bid evaluation results to bidders concerned before the expiration of price validity period offered by such bidders. However, if the public body can not complete the evaluation within such period, it shall require the bidders to extend their bid price validity period pursuant to article 16.15.4 of the Directive.

4.2.11.24 Where an invitation to bid attracts only one bidder, the public body may sign contract with that bidder if the proposal submitted by such bidder is satisfactory to the public body and the price offered by the bidder is comparable to or less than the market price of the required object of procurement; it being necessary to make sure that the failure of the bid to attract bidders is not due to the fact that the content of the Bidding Document is restrictive of open competition.

4.2.12 **Process to Be Confidential**

4.2.12.1 After the opening of bids, information relating to the examination, clarification, evaluation of bids and recommendations for award shall not be disclosed to either Bidders or any other persons not officially concerned with the evaluation process until the award of contract is announced. This requirement includes all public body personnel and any other government officials who may be involved in the procurement proceedings. The submitted bids shall always be kept under lock outside working hours and shall not be removed from the office of the public body.

4.2.12.2 Following the opening of bids and until a contract has been signed, no bidder shall communicate with the concerned public body in any manner, unless requested to provide clarification to its bid as described or seek to influence, in any way, the public body's examination and evaluation of the bids.

4.2.12.3 Any effort by a bidder to influence a public body in its decisions concerning bid evaluation or contract award may result in the rejection of the bidder's bid and possibly further action in accordance with Directive on Corrupt, Fraudulent, Collusive or Coercive Practices.

4.2.13 **Discussion with the bidders**

4.2.13.1 A public body may hold discussion with bidders in a procurement proceeding only where it encounters extraordinary situations. Such discussions are held for two purposes:

- (a) To exchange views with bidders on minute details of a procurement;
- (b) To arrive at a decision through negotiation with bidders on the technical requirements of a bid in procurement to be executed by means of two stage bidding.

4.2.13.2 Except as provided in article above, a public body may not require nor allow bidders to change their offer in regard to price and other essential elements of the bid, apart from seeking bidders to give it clarification on certain points of their proposal for the purpose of evaluation after bid opening.

4.2.14 **Post-qualification**

4.2.14.1 Prior to finalizing the Bid Evaluation Report including recommending contract award, the public body may determine whether the current legal, financial, and technical

standing of the candidate selected as the successful bidder conforms to the requirements stated in the Bidding Document. This process is known as ‘post-qualification’.

4.2.14.2 The requirements for qualification of bidder are described in Proclamation and Directive. In addition, references given by the Bidder about his previous working experience may be verified, if necessary, to obtain the most up-to-date information available concerning the bidder. As part of the post-qualification task, if considered desirable and practical, the public body may visit the premises of the bidder to verify information contained in its bid. Such visits can be particularly useful when evaluating bids in respect of high value or complex works projects. The objective of any visit is to verify the qualifications criteria stipulated in the Bidding Document. It should also focus upon a general and visual inspection and verification of the bidder’s facilities and its plant and equipment. There shall be no discussion concerning the bid or its evaluation with the bidder during such visits and the overall confidentiality of the evaluation process shall be strictly maintained by the public body.

4.2.14.3 In the event that the candidate selected as the successful bidder fails the post-qualification examination, the public body shall make a similar determination for the bidder offering next lowest evaluated cost and so on from the remaining responsive bids. However, such action shall only be taken if the actual evaluated cost of the bid is acceptable to the public body. When the point is reached whereby the evaluated costs of the remaining responsive bids are significantly higher than the official estimate or prevailing market price, the public body may take action in accordance with rejection of all bids, proposals and quotations and may proceed for re-bidding, using revised Bidding Document, if necessary. Instructions for post-qualification should be included in Bidding Documents.

4.2.15 **Approval of Contract Award**

4.2.15.1 The procurement unit or the ad hoc Bid Evaluation Committee formed to conduct evaluation of bids in regard to certain procurement shall complete the evaluation and submit the result together with its recommendation, to the Procurement Endorsing Committee or other body having the authority to approve bid evaluation results, within the bid validity period offered by the bidders.

4.2.15.2 The Procurement Endorsing Committee established in accordance with the Proclamation and Directive shall examine the evaluation report in light of the procurement rules and procedures as well as against the requirements of the Bidding Document and give either of the following decisions:

(a) Approve the evaluation report as a whole and authorize the procurement to Proceed accordingly;

(b) Reject the report and order re-evaluation.

4.2.15.3 Where the Procurement Endorsing Committee finds it necessary, it may require the persons conducting the evaluation to account for the evaluation report.

- 4.2.15.4 Where the Procurement Endorsing Committee rejects the report it shall state the reason for its decision and refer the case back to the evaluation team with instruction for the team to follow in re-evaluating the bids in question. The evaluation team shall conduct re-evaluation in accordance with the instruction of the Procurement Endorsing Committee and report the result back to the committee.
- 4.2.15.5 Notwithstanding the provision of article above, the evaluation team or a member thereof objecting to the decision of the committee and the corrective instruction given by the committee has the right to record its/his dissenting opinion. However, the procurement shall be executed in accordance with the decision of the committee
- 4.2.16 **Announcing the successful bidder**
- 4.2.16.1 Public bodies shall announce the result of a bid evaluation to all bidders alike at the same time. The information to be disclosed to the unsuccessful bidders shall be the reason why they did not succeed in their bid and the identity of the successful bidder.
- 4.2.16.2 A letter of award to be sent by the public body to a successful bidder shall not constitute a contract between him and the public body. A contract shall be deemed to have been concluded between the public body and the successful bidder only where a contract containing detailed provisions governing the execution of the procurement in issue is signed.
- 4.2.16.3 A letter of contract award to be sent to a successful bidder shall contain the following information:
- (a) That the public body has accepted his bid;
 - (b) The total contract price;
 - (c) The amount of the performance security the successful bidder is required to furnish and the deadline for providing such security.
- 4.2.16.4 Where the successful bidder can not or is unwilling to sign a contract, the public body may either declare the bidder submitting the second most preferred bid the successful bidder or invite such bidder to sign a contract or advertise the bid afresh by assessing the benefit of the two options.
- 4.2.16.5 The public body shall return to the bidders their bid security on the following conditions:
- (a) If the successful bidder has signed contract and furnished the required contract security;
 - (b) If the bid validity period initially offered by a bidder not willing to extend such period has expired or if a bidder is unsuccessful.

- 4.2.16.6 In respect of procurements the value of which corresponds to or is greater than that specified in sub-article 6.5 of the Directive, Public body shall disclose the information to the public by filling it in the form provided for this purpose and posting it on the PPA's website within 5 days of signing the contract after award
- 4.2.16.7 For other contracts, contract award announcements shall be published by the public body on its Notice Board and where applicable on the website of the public body.
- 4.2.17 **Signing of Contract**
- 4.2.17.1 Public body has to sign with a supplier, a contract containing the general conditions of contract forming an integral part of the bidding document and the special conditions of contract to be agreed upon by and between it and the supplier.
- 4.2.17.2 Unless a contract is signed between the public body and the supplier, mere notification of award doesn't constitute a contract between the public body and the supplier.
- 4.2.17.3 The contract to be signed between the public body and the supplier shall clearly state the obligations of the two parties and incorporate provisions, inter alia, for the following matters
- 4.2.17.4 Unless an exceptional situation arises, the duly authorized officer of the successful bidder has to sign a contract with the public body within 15 days of notification of award.
- 4.2.17.5 Before signing the contract the public body shall verify the authenticity of the performance security submitted by a bidder, by sending a written request to the branch of the bank issuing the bank draft, pay order or irrevocable bank guarantee. If a performance security is not found to be authentic, the public body shall proceed to take measures against the bidder as stated under Proclamation and Directive under Corrupt, Fraudulent, Collusive or Coercive Practices.
- 4.2.17.6 If the successful Bidder fails to provide any required performance security or fails to sign the contract as stated in the bidding documents, a public body shall proceed to award the contract to the next lowest evaluated bidder, and so on by order of ranking. However, such action shall only be taken if the evaluated cost of the bid is acceptable to the public body. When the point is reached whereby all evaluated costs of the remaining responsive bids are significantly higher than that of the official estimate or budget provision or prevailing market price, the public body may take action in accordance rejection of all bids, proposals and quotations. If all bids are rejected, the public body may proceed for re-Bidding using revised Bidding Document, and giving wide advertisement as per the Directive.
- 4.2.17.7 The Estimated Procurement Lead Times for guidance in preparing procurement plans are provided in **Appendix 9**.

- 4.2.17.8 Guidance notes on Incoterms, and insurance terms used in procurement are provided in **Appendix 10**.
- 4.2.17.9 A Flow Chart on process to be followed and activities to be undertaken for procurement of goods & related services and works & physical services under Open Bidding Method is attached at **Appendix-11**.

4.3 RESTRICTED BIDDING METHOD

- 4.3.1 The restricted method of procurement limits those invited to bid to only a few suppliers. The circumstances in which the Restricted Bidding Method may be used are described in detail in **Sub-Article 4.1.2—Conditions for the use of the Restricted Bidding Method**. However, apart from the differences described below, procurement made by means of restricted bidding pursuant to article 49.1 of the Proclamation shall be executed in accordance with national or international competitive bidding procedures set forth in articles 16 and 17 of the Directive.
- 4.3.2 The rules to be followed for procurement of goods and related services, works and services under Restricted Bidding Method shall be as follows:
 - 4.3.2.1 Public bodies, which need to purchase goods, works or services of a specialized nature and which know the limitations on the availability of suppliers to provide these goods, works or services, may directly select a number of candidates from the updated lists of enlisted/qualified potential suppliers maintained by the PPA, without going through advertisement. To ensure effective competition at least five candidates shall be selected in a fairly manner from the suppliers list if the value of the procurement falls within the threshold set forth in article 23.3 of the Directive for procurement by restricted bidding, notwithstanding that the number of prospective bidders is large. As all enlisted candidates are supposed to have achieved the minimum level of qualification requirements, the public body may select candidates to be invited from among those listed in a rotational manner so that all of them get equal opportunity in submitting bids.
 - 4.3.2.2 Under Restricted Bidding Method, bid security is mandatory. Pursuant to the provision of article 5.4 of the Proclamation, if the public body is of the opinion that in view of their limited number, requiring the candidates to furnish bid security discourages them from participating in the bid. It may, in lieu of bid security, require them to sign Bid Declaration Form attached as Annex 5 to the Directive and submit such form with their bid documents. In regard to the maintenance of lists of qualified potential Suppliers and/or Contractors, Article 33 of the Directive applies.
- 4.3.3 To carry out procurement by means of restricted bidding pursuant to article 49.3 of the Proclamation, the following conditions must be satisfied in the order in which they are listed:
 - 4.3.3.1 Invitation to open bid for the procurement must have been published at least twice, and the invitation must have attracted no bidder, or the bidder or bidders responding to the second invitation to bid must have failed to meet the technical requirements set forth by the public Body for that procurement

- 4.3.3.2 There must have been no factor associated with the invitation to bid, mode or amount of bid security, Bidding Document or any other element of the procurement process, restraining candidates from participating in the bid.
- 4.3.3.3 The public body must have believed that inviting suppliers engaged in the field pertaining to the object of procurement to participate in the procurement by restricted bidding attracts such suppliers to participate in the procurement.
- (a) The public body must, as far as possible, have established through inquiry that the suppliers engaged in the field have no ulterior reason for not wanting to participate in open bid for the procurement, which is illegitimate or prejudicial to the interest of the public body.
- 4.3.4 A Flow Chart on the process to be followed and the activities to be undertaken for procurement of goods and related services and works and physical services under Restricted Bidding Method is attached at **Appendix 11**.

4.4 DIRECT PROCUREMENT METHOD

- 4.4.1 The circumstances in which the Direct Procurement Method may be used are described in detail in the Sub-Article 4.1.3 - Conditions for use of Direct Procurement Method and articles 51 and 52 of the Proclamation. When a public body undertakes Direct Procurement Method, it shall prepare a description of its needs and any special requirements concerning quality, quantity, terms and times of delivery. The public body shall, in the first place, ask for a quotation from a single bidder directly and afterwards shall be free to negotiate with the selected sole bidder. There is no requirement for Direct Procurement to be advertised, nor is there a need for a bid security.
- 4.4.2 The preparation of Bidding Documents and the evaluation of the sole bidder shall follow the same procedure as in Open Bidding Method and the evaluation report submitted to the approving authority shall clearly mention the justification of the selection of Direct Procurement Method.
- 4.4.3 Following the approval of the Bid Evaluation Report, all direct procurement undertaken shall be confirmed by a contract entered into by the public body and the bidder. The award and signature of contract shall be undertaken in the same manner as for Open Bidding Method detailed in Article 4.2 - Open Bidding Method.
- 4.4.4 Except in case of procurement by collection from open market and small procurements provided for in articles 51.1 (g) and 51.2 of the Proclamation respectively, a public body shall send requisition to a supplier describing the type and quantity of objects it is intending to acquire and obtain pro-forma for such goods or objects from that supplier. The requisition to be sent in this manner shall include detailed schedule of requirements as appropriate and such other information that enables the supplier to submit complete proposal to the intended procurement.

4.4.5 A Flow Chart on the process to be followed and the activities to be undertaken for procurement of goods, works and unforeseen urgent services under Direct Procurement Method is attached at **Appendix-11**.

4.5 TWO-STAGE BIDDING METHOD

4.5.1 The circumstances in which the Two-Stage Procurement Method may be used are described in detail in the Sub-Article 4.1.4 - Conditions for use of Direct Procurement Method and articles 57 and 58 of the Proclamation. A public body may use Two-Stage Bidding Method for the procurement of large or complex contracts. In the First-Stage, a public body shall invite through advertisement unpriced technical proposals on the basis of Bidding Documents which shall state the requirements of the public body in general terms and incorporate the necessary description and questionnaires and outline a conceptual design and/or specific performance requirements. A conceptual design would focus mainly upon the presentation of a functional design that provides potential bidders with basic technical information, e.g. stipulated performance specifications, outline technical specifications, visual, operational and economic details of the required procurement object.

4.5.2 In addition to indicating the contractual terms and conditions of supply, the Bidding Documents shall state the criteria that shall be used to determine whether or not a bid submission is responsive. These shall include:

4.5.2.1 The relative managerial and technical competence of the bidder; and

4.5.2.2 The effectiveness and future adaptability of the proposal submitted by the bidder in meeting the procurement needs of the concerned public body.

4.5.3 In response to the invitation, bidders shall submit bids describing the technical performance, quality and other characteristics of the goods and related services and works and physical services which they consider best suited to meet the public body's needs and shall also comment upon the contractual terms and conditions of supply. The public body shall evaluate all bids received and in view of the nature of procurement object, this work may require the appointment of a Technical Subcommittee (TSC) and/or at the discretion of the head of a public body or an officer authorized by him/her, additional external technical experts, with specific knowledge of the object of procurement and services required, from the user/beneficiary entity, to assist the public body in the evaluation of the concerned bids. The public body shall review the bids in order to identify those bids that are responsive to the terms and conditions of the Bidding Documents. Bids that are found to be non responsive shall receive no further consideration.

4.5.4 The public body shall review the proposal from each bidder without necessarily inviting the bidders for discussion. The public body will then prepare the final specifications and Bidding Documents based on the best proposals to be comprised of the acceptable proposals obtained from all responsive bids.

- 4.5.5 The Bid Evaluation Committee shall prepare Minutes of the meeting, outlining the acceptable specifications and bid documentations necessary for the second stage bidding.
- 4.5.6 At the end of the First-Stage, the Bid Evaluation Report concerning that stage, including recommendations and non-responsiveness of bids and minutes of the meeting shall be submitted to the head of a public body or an officer authorized by him/her for review. The preparation and submission of the Bid Evaluation Report shall follow the Directive and rules as specified for Open Bidding Method.
- 4.5.7 In the Second-Stage, the public body shall revise the Bidding Documents and set out the detailed evaluation criteria for the Second-Stage bids. The public body shall, where applicable, estimate the full cost of the procurement object during its useful lifetime considering:
- 4.5.7.1 the capital cost of the goods/equipment;
 - 4.5.7.2 the estimated operating costs; and
 - 4.5.7.3 estimated maintenance costs.
- 4.5.8 All responsive bidders from the First-Stage shall be invited to submit their priced 'best and final' bids, including bid security, in accordance with the requirements of the Second-Stage Bidding Documents and the individual Minutes of bid adjustments issued to each bidder.
- 4.5.9 The procedure for undertaking the Second-Stage of the bid shall be the same as for the Open Bidding Method, as detailed in articles 16 and 17 of the Directive.

4.6 REQUEST FOR QUOTATIONS METHOD

- 4.6.1 The circumstances in which the Request for Quotations Procurement Method may be used are described in detail in the Sub-Article 4.1.7 - Conditions for use of Request for Quotations Procurement Method and articles 55 and 56 of the Proclamation and article 24 of the Directive. As stated in Conditions for use of Request for Quotations Method, a public body may undertake procurement by means of a Request for Quotations (RFQ) for the purchase of readily available, standard, off-the-shelf goods and related services and low value simple works or physical services, provided the estimated value of the contract does not exceed the amount stated in **Appendix 1**.
- 4.6.2 The public body shall request quotations from as many Bidders as practicable and shall obtain and compare at least three (3) quotations to establish the competitiveness of the quoted prices. Comparison of two (2) quotations is justified only when there is satisfactory evidence that there are only two sources of supply. To minimize the risk of obtaining only one or two quotations, public bodies are encouraged to initially request at least five (5) bidders to submit quotations. The public bodies shall also in the text of their RFQ document instruct potential bidders to confirm whether or not

they will be submitting a quotation. This will provide information on the number of bidders who are willing to provide a quotation.

- 4.6.3 The public body shall carefully select the bidders invited to quote for goods that the goods offered are suitable, reputable, of good quality and are well established in Ethiopia or abroad. Similarly for works, that the bidder is reputable and can provide works to the quality required. There is no requirement for RFQs to be advertised.
- 4.6.4 The RFQ method of procurement is not only restricted to persons or firms resident in Ethiopia but also to the suppliers residing abroad as the case may be.
- 4.6.5 The public body shall ensure the same bidders are not always invited to quote. This is necessary to diversify the source of supply and to treat all potential bidders equally, as long as they provide good performance and economic price. This is particularly important in the purchase of goods by the RFQ method, as the types of goods likely to be purchased in this way shall probably be available from a number of persons or firms.
- 4.6.6 The RFQ shall contain clear statements concerning the public body's requirements in respect of the goods and related services and low value simple works or physical services, such as quality, quantity/volume of goods, size of physical services, duration of services, terms and time of delivery/completion, price validity period, payment conditions, including other special requirements, e.g. installation requirements as appropriate. The public body shall request quotations in writing by letter, fax etc. The request indicates the date by which the quotations shall be submitted.
- 4.6.7 Bidders shall be instructed to submit prices on a basis similar to those used in Open Bidding Method. In extremely urgent cases, quotations for low value simple works or physical services may be requested in the form of:
 - 4.6.7.1 unit rate prices, provided work quantities are available with a reasonable degree of accuracy;
 - 4.6.7.2 'cost plus fee' arrangements, when quantities cannot be reasonably determined in advance; or
 - 4.6.7.3 a lump sum based upon cost estimates determined by the public body
- 4.6.8 The method of evaluation to be used shall be stated in all RFQs.
- 4.6.9 Bidders shall be given sufficient time in which to submit their quotations which shall be presented in writing, as reflected in the Proclamation and Directive. Copies of all quotations shall be kept for record purposes. Public bodies shall use the Standard RFQ document issued by the PPA for procurement under Request for Quotations Method.
- 4.6.10 No bid or performance securities are required when the RFQ method of procurement is used.

- 4.6.11 The closing date for the submission of quotations may generally be within one (1) day to one (1) week from the date of issue of the RFQ, depending upon the urgency and size of the requirement.
- 4.6.12 If the public body has not received at least three (3) quotations within the given time, it shall verify with the other bidders to whom it submitted a Request for Quotations whether or not they intend to submit a quotation and if so, how soon. Unless there is extreme urgency or there are already three (3) or more quotations available, the public body may give one day to one week, for other bidders to submit quotations. After this extended period, the public body may proceed with the comparison of the quotations received.
- 4.6.13 A purchase order/work order shall be placed with the bidder whose quotation meets the requirements of the RFQ issued by the public body and who quotes the lowest evaluated cost.
- 4.6.14 In view of the type and value of goods and related service and low value simple works or physical services which are purchased using the RFQ method of procurement, the criteria considered in the evaluation of quotations are normally a simple determination as to whether quotations meet the requirements specified in the RFQ, following which the lowest priced quotation meeting those requirements is selected.
- 4.6.15 In special circumstances, the public body may recommend an award to a Bidder who has not submitted the lowest priced quotation. For example, a slightly higher price may be justified for faster delivery or immediate availability in cases of extreme urgency, when late delivery may result in heavy consequences for the public body. In such cases, the intention to favor early delivery should be indicated in the issued RFQ and the recommendation fully justified by the public body in its Bid Evaluation Report submitted to the head of a public body or an officer authorized by him/her.
- 4.6.16 The Bidder shall confirm receipt of the purchase order/work order in writing to the public body. The record of procurement shall include the list of bidders invited and the list and value of the quotations received and Bid Evaluation Report showing clearly that the award is based on sound economic criteria.
- 4.6.17 A Flow Chart on the process to be followed and activities to be undertaken for the procurement of goods and related services and low value simple works or physical services under Request for Quotations Method is attached at **Appendix 11**.

4.7 PROCEDURE OF INTERNATIONAL PROCUREMENT

4.7.1 Open International Competitive Bidding (ICB):

When, due to lack of capacity within Ethiopia, there is either no or only limited competition for the provision of specific goods and related services and works and physical services, a public body shall undertake special efforts to improve the level of competition by seeking bids from foreign bidders to accomplish their procurement requirements. The use of ICB is also subject to the threshold level set out in article 17.2 of the Directive (for works above Birr 50, 000, 000, for goods above Birr 10,000,000, for consultancy services above Birr 2,500,000 and for other services above Birr 7,000,000).The procedure to be followed by public bodies shall be similar to Open Bidding Method as described in the Proclamation and Directive, together with the specific instructions specified below. Where appropriate, Pre-qualification shall first be undertaken, followed by Bidding. The additional requirements for International Competitive Bidding are as follows:

- 4.7.1.1 The bid advertisement and the bidding documents shall be prepared in English,
- 4.7.1.2 The bid advertisement shall be published in a news paper that has wide circulation and accessible to foreign bidders, the bid advertisement shall be posted on the PPA's website if the value of the procurement is above the threshold stated in article 6.5) of the Directive. In order to attract a large number of bidders, the bid advertisement may also be posted on the website of the procuring public body and embassies of various countries may be notified of the bid.
- 4.7.1.3 Bidders must be given adequate time to prepare bid documents in response to the invitation to bid in accordance with article 16.9 of the Directive.
- 4.7.1.4 The schedule of requirements to be prepared shall comply with national standard and be internationally acceptable.
- 4.7.1.5 Bid prices offered by foreign bidders shall be quoted and bid securities required of such bidders shall be furnished in a freely convertible currency used for payment in international commercial transactions.
- 4.7.1.6 Where a foreign bidder uses local inputs to satisfy the required object of procurement under the contract, the portion of the total contract price representing such local expenditure shall be expressed in birr in the price schedule of the bidder.
- 4.7.1.7 Contracts concluded for procurements to be made by means of international competitive bidding may incorporate standard terms and conditions applicable in international commercial transactions to the extent that such terms and conditions are not in conflict with the Proclamation, Directive and other documents governing public procurement
- 4.7.1.8 Unless the contract provides otherwise, disputes arising from the performance of the contract shall be adjudicated in accordance with Ethiopian Law.

4.7.2 **Other International Procurement Procedures**

- 4.7.2.1 Where the participation of foreign companies is believed to be necessary to carry out adequately competitive and effective procurement, public bodies may, without

prejudice to certain aspects of National & International Competitive bidding procedures set forth in the Proclamation and Directive which are appropriate to the particular method of procurement in question, may execute International Procurement by means of two stage bidding, request for proposals, restricted bidding, request for quotation or direct procurement pursuant to article 59.4 of the Proclamation.

- 4.7.2.2 In carrying out International Procurement by means other than International competitive bidding pursuant to article above, the conditions and financial thresholds prescribed for each method of procurement shall be complied with.

4.8 PREFERENCE

- 4.8.1 Pursuant to Article 25 of the Proclamation, with the exception of request for quotation and single source procurements, preference shall be granted in any procurement to locally produced goods, to small and micro enterprises established under the relevant Proclamation and to local construction and consultancy companies.

- 4.8.2 The margin of preference to be so granted and applied when comparing prices during evaluation of bids shall be as follows:

- 4.8.2.1 For procurement of drugs or pharmaceutical products or medical equipments 25%,

- 4.8.2.2 For procurement of other products 15%,

- 4.8.2.3 For construction and consultancy services 7.5%

- 4.8.3 The preference to be granted to drugs, medical equipments or other products as per article (a) and (b) above shall be effective where it is certified by a competent auditor that no less than 35% of the total value of such products is added in Ethiopia.

For the purpose of this sub-sub article, value added in Ethiopia shall be calculated by deducting from the total value of the product in question, the cost , exclusive of indirect taxes, of imported raw materials and other supplies used in the production of such product as well as services rendered abroad in connection with the production of that product.

- 4.8.4 The following conditions must be satisfied for local companies engaged in Construction or Consultancy Services to qualify for preference:

- 4.8.4.1 The company has to be incorporated in Ethiopia;

- 4.8.4.2 More than fifty per cent of the company's capital stock has to be held by Ethiopian natural or juridical persons;

- 4.8.4.3 More than fifty per cent of members of the board of the company have to be Ethiopian nationals;

- 4.8.4.4 At least fifty per cent of the key staff of the company has to be Ethiopian Nationals.
- 4.8.5 For small and micro enterprises established under the relevant law:
 - 4.8.5.1 Preference shall be given by a margin of 3% when such enterprises compete with local suppliers in national competitive bidding.
 - 4.8.5.2 When small and micro enterprises participate in international competitive bidding, only the preference granted to local companies as per article 4.8.2 shall apply.
- 4.8.6 If the Public Body decides to grant a margin of preference to goods manufactured in the Federal democratic Republic of Ethiopia or to local companies engaged in Construction or Consultancy Services for the purpose of bid comparison responsive bids shall be classified by applying the following procedures:
 - 4.8.6.1 Group A: Bids offering locally produced goods meeting the criteria of article 4.8.3 above or bids offered by local construction or consultancy companies meeting the criteria of article 4.8.4 above ; and
 - 4.8.6.2 Group B: all other bids.
 - 4.8.6.3 For the purpose of further evaluation and comparison of Bids only, an amount equal to percentage of the evaluated bid prices determined in accordance with article 4.8.2 above shall be added to all bids classified in Group B.

5 REQUEST FOR PROPOSALS (RFP) METHOD

5.1 CONDITIONS FOR USE OF REQUEST FOR PROPOSAL METHOD

- 5.1.1 A Request for Proposals (RFP) shall be used by public bodies for procurement of consultancy services. Consultancy services mean a service of an intellectual and advisory nature provided by consultants using their professional skills to study, design, and organize specific projects, advice clients, conduct training and transfer knowledge.
- 5.1.2 Public bodies shall use the standard documents prepared and issued by the PPA for the Request for Expressions of Interest and the Request for Proposal (RFP).

5.2 REQUEST FOR EXPRESSIONS OF INTEREST

- 5.2.1 Where a public body opts to procure consultancy service by means of request for proposal and the estimated value of such procurement is above 3000,000 birr, it shall issue invitation for expression of interest in accordance with article 22 of the Directive and in line with the Annual Procurement Plan. The request is expressed in order to prepare a shortlist of Consultants to which, at a later date, the RFP will be issued. The Request for Expressions of Interest shall be published at least once in a news paper that has nationwide circulation to ensure participation of as many consultants as possible.
- 5.2.2 The invitation for Expression of Interest shall be carried out in accordance with the provisions of article 16.2 and 16.4 (a&b) of the Directive, and shall state that the invitation is only for expression of interest.
- 5.2.3 The invitation for expression of interest shall state the type of the required consultancy service, the expected output, the time for completion of the assignment, the qualification required of the consultant, work experience and any other relevant information as well as the list of documents to be submitted and the manner, time and place of submitting such documents.
- 5.2.4 From among the consultants responding to the invitation of the public body for expression of interest, not less than three but not more than seven consultants, as far as possible, demonstrating better suitability for the required consultancy service shall be chosen on the basis of evaluation of their profiles, and such consultants shall be invited to submit their proposals in accordance with the provision of article 21 of the Directive.
- 5.2.5 The Request for Expressions of Interest notice shall follow the form provided by the PPA.

5.3 PREPARATION OF SHORT LIST

- 5.3.1 Upon receipt of the Expressions of Interest, the public body shall select a short-list composed of consultants who are considered to be best suited to undertake the assignment. The assessment of consultant's suitability shall be based upon the following information indicated in the Request for Expressions of Interest:
- 5.3.1.1 brochures submitted by the consultants summarizing their facilities and areas of expertise;
 - 5.3.1.2 descriptions of similar assignments;
 - 5.3.1.3 experience in similar operating conditions;
 - 5.3.1.4 availability of appropriate experience and professional qualifications among Applicant's staff and resources to carry out the assignment; and
 - 5.3.1.5 administrative strength and financial capability.
- 5.3.2 Following the assessment, a short list should be prepared composed of not less than three (3) and not more than seven (7) consultants, who have met the requirement of Request for Expressions of Interest and who in the opinion of the public body indicate sufficient and adequate capabilities to perform the assignment under consideration.
- 5.3.3 However, if after assessment the number of short listed consultants is less than three (3), the public body shall review the assignment to verify that the Expressions of Interest is correct and meets the requirement of the public body and it was properly advertised, as per the Directive. If it was found to be correct, then a shortlist with less than four consultants may be considered for issuance of the RFP, subject to the approval of the head of a public body.
- 5.3.4 Alternatively, having reviewed the assignment and associated Expressions of Interest, a public body may make amendment to the assignment and then re-advertise but ensuring a wider publicity. If after re-advertising the number of re-assessed and short listed consultants is still less than three (3), the short list should be considered as final and the RFP shall be issued to the fewer number of short listed consultants. Public bodies are, however, not encouraged to practice re-advertisement as a routine matter, but instead should always make efforts to finalize the short list in the first round of advertising.
- 5.3.5 The evaluation of Expressions of Interest should be undertaken in accordance with the Proclamation, Directive and the Manual. The evaluation of Expressions of Interest may require the appointment of a Technical Sub-Committee (TSC) and, at the discretion of the head of a public body or an officer authorized by him/her, additional external technical experts from the user/beneficiary entity with specific knowledge of the services required. The public body shall evaluate the Expressions of Interest and establish a short-list that will be approved by the head of a public body or an officer authorized by him/her.

- 5.3.6 The short-list shall be established on the basis of information received from the Expressions of Interest and other past performance information available to the public body and user/beneficiary entities.
- 5.3.7 If it is intended by the public body that the RFP shall be issued on an international basis, then the short-list shall include not more than 2 firms from the same country and at least 1 firm from a developing country, unless qualified firms from developing countries cannot be found.
- 5.3.8 Following the approval of the Expressions of Interest's Evaluation Report by the head of a public body or an officer authorized by him/her, all consultants participating in the Request for Expressions of Interest shall be informed whether or not they have been short-listed by the public body.
- 5.3.9 The names of the short-listed consultants shall be communicated to any interested individual or firm, in a similar manner to that of Pre-qualification.

5.4 PREPERATION OF REQUEST FOR PROPOSALS

- 5.4.1 A public body shall prepare an RFP using the applicable standard RFP document issued by the PPA and in accordance with the procedure applicable to national competitive bidding prescribed in the Directive. The RFP shall include, as a minimum the following information:
- 5.4.1.1 the name and address of the public body;
- 5.4.1.2 a description of the assignment required, normally by means of Terms of Reference (TOR);
- 5.4.1.3 the sub-method for selection of the successful Consultant and a requirement that Consultants' proposals be submitted using the two-envelope system e.g. Technical Proposal and Financial Proposal except for Single Source Selection sub-method where the Technical and Financial Proposals may be submitted together. The sub-methods QCBS, SFB and LCS require the Consultant to present its proposal in two (2) sealed inner envelopes which are then placed together into one single outer envelope that is sealed and marked as described in the RFP. One inner envelope shall contain the Consultant's technical proposal without any reference to price and the second inner envelope shall contain the Consultant's financial proposal. The Consultant shall appropriately mark each envelope. It shall be made clear to the Consultant in the text of the RFP that failure to follow the instructions on sealing and marking of the envelope may result in pre-disclosure of price for which the Consultant shall be solely and entirely liable. This may also constitute grounds for declaring the proposal non-responsive.
- 5.4.1.4 a reminder that Consultants for present consultancy assignments, which may involve potential future conflicts of interest, shall exclude themselves from participating in the procurement of goods and related services and works and physical services which may follow as a result of or in connection with the consultancy assignment;

- 5.4.1.5 a reminder that a Consultant who has carried out an earlier related assignment, whereby a potential conflict of interest may be considered to exist, then the Consultant shall also exclude itself from participation in the subsequent assignments;
- the criteria for evaluating and allocating corresponding points to the technical proposals, the relative weight to be given to the technical and financial proposals and the manner in which they shall be applied in the evaluation of proposals;
 - the place and deadline for the submission of proposals; and
 - the contract format to be used in which the respective obligations of both the Consultant and the public body shall be stated.
- 5.4.2 In preparing RFPs, the public bodies shall also take note of the following issues. The RFP shall include:
- 5.4.2.1 Letter of Notification (LON);
- 5.4.2.2 Instructions to Consultants (ITC);
- 5.4.2.3 Proposal Data Sheet (BDS);
- 5.4.2.4 General Conditions of Contract (GCC);
- 5.4.2.5 Special Conditions of Contract (SCC);
- 5.4.2.6 Proposal and Contract Forms; and
- 5.4.2.7 Terms of Reference (TOR);
- 5.4.3 The public body shall use only the applicable standard RFPs on a case-by-case basis. There shall be no changes in the text of the RFP and any concern regarding specific issues shall be addressed in the Data Sheet and in the Special Conditions of Contract, where all specific project/assignment requirements shall be detailed.
- 5.4.4 The LON shall state the intention of the public body to enter into a contract for the provision of consulting services, the source of funds, the details of the user/beneficiary entity and the date, time and address for submission of proposals. The public body shall list in the LON all the documents to be included in the RFP.
- 5.4.5 The RFP shall contain all necessary information to help Consultants prepare responsive proposals and to make the selection procedure as fair and as transparent as possible by providing information on the proposal submission process and by informing Consultants of the evaluation criteria, their respective points and the minimum technical points required for a Consultant to qualify in the evaluation of its technical proposal, and to be considered in the subsequent evaluation of financial proposals.

5.5 REQUEST FOR PROPOSALS

- 5.5.1 In cases where the short-list contains both national and international Consultants, a public body may choose to award additional technical merit points in the evaluation criteria for the use of national Consultants as key staff.
- 5.5.2 Except in the case of selection under a Fixed Budget, the ITC shall not indicate the budget or official estimate for that particular consultancy, as cost shall be a factor in the overall evaluation, but it shall indicate the expected level of input of key professionals in terms of man months. Consultants, however, shall be free to prepare their own estimates of man months necessary to carry out the assignment in accordance with the terms of reference.
- 5.5.3 The ITC shall specify the proposal validity period that shall normally be between sixty (60) and one hundred and twenty (120) days depending on the complexity of the assignment. However to suit the requirement of a particular procurement shorter/longer periods may be authorized by the head of a public body or an officer authorized by him/her. The TOR shall provide the following information in order to assist Consultants in the preparation of their proposals:
- 5.5.3.1 background information to the Consultant;
 - 5.5.3.2 objectives and scope of the assignment;
 - 5.5.3.3 details of existing relevant studies and basic data;
 - 5.5.3.4 the availability and location of that data;
 - 5.5.3.5 services and surveys necessary to carry out the assignment and the expected outputs (for example reports, data, maps and surveys);
 - 5.5.3.6 details of the number of staff to be trained, the training timetable and topics, if already known, shall be specifically outlined where transfer of knowledge or training is an objective to enable Consultants to estimate the required resources;
 - 5.5.3.7 the facilities and support to be provided to the Consultant by the public body and user or beneficiary entity during the assignment.
- 5.5.4 The TOR should not be too detailed or inflexible. Consultants shall be able to propose their own methodology and staffing and shall be encouraged to comment on the TOR in their proposals. The respective responsibilities of the public body/user or beneficiary entity and the Consultant shall be clearly defined in the TOR. The scope of the services described in the TOR shall be consistent with the available budget.
- 5.5.5 The preparation of an accurate cost estimate is therefore essential, if accurate financial resources are to be allocated to the assignment by the public body. In preparing the estimate, the public body shall breakdown the assignment into its composite tasks and prices each task for professional fees and corresponding

reimbursables. Thereafter a contingency of 15% may be included to provide for both physical and financial contingencies.

- 5.5.6 The cost estimate prepared by the Consultant shall be based upon the public body's assessment of the resources needed to carry out the assignment: staff man months, logistical support and physical inputs (e.g. vehicles, laboratory equipment, office equipment, such as computers, photocopiers, etc.).
- 5.5.7 Costs shall be generally divided into two broad categories:
 - 5.5.7.1 Fee or remuneration (according to the type of contract used); and
 - 5.5.7.2 Reimbursables, which are amounts payable against documentary evidence of expenses, e.g. air tickets, per diems (daily allowance for accommodation and food), visa costs, medical expenses, transportation costs, office rental costs, purchase of vehicles, office equipments, office furniture, etc.
- 5.5.8 The cost of staff time shall be estimated on a realistic basis in accordance with the level of expertise required. The items given for reimbursables expenditure are examples only and shall vary according to the TOR and in particular, the facilities to be provided to the Consultant by a public body/user or beneficiary entity. For example, if a public body/user or beneficiary entity can provide office equipment and/or vehicle, then there shall be no need for a Consultant to include those items in its estimate of costs.
- 5.5.9 The only actual fixed cost quoted by a Consultant in its proposal is the fee rate or remuneration to be charged for its personnel to undertake the assignment.
- 5.5.10 For certain specific scope of services, (e.g., for pre-shipment inspection, procurement services through agents, training of students in institutes/universities, advertising activities in privatization or twinning), the public body may require to incorporate some adjustments in the formats/ tables of the Standard RFP issued by the PPA.
- 5.5.11 Consultants shall be given sufficient time in which to prepare their proposals. The minimum bid period shall be as defined in Annex of the Directive.
- 5.5.12 The RFP shall indicate the time periods whereby the public body can entertain any request by a Consultant for clarification as well as the timing of the issue of the corresponding response. Considering the nature of clarification it may be necessary to extend the deadline for submission of proposal. Such clarification shall also be issued to all short listed person/firms.
- 5.5.13 The RFP shall state the date, place and time by which the proposals shall be received. It shall also state the procedure to be followed in notifying Consultants, whose proposals have been accepted for financial evaluation, including the date, place and time for the opening of the financial envelopes.

5.5.14 The RFP shall state that the evaluation of the proposal shall be carried out in two stages. First of all, the quality of the proposal shall be evaluated by an examination of the technical proposal. Upon completion of the technical evaluation, the technical evaluation report shall be submitted for approval to the head of a public body or an officer authorized by him/her, indicating the ranking and corresponding technical points for each submitted proposal. Evaluators of technical proposals shall not have access to the financial proposals until the technical evaluation has been approved. Financial proposals of technically responsive proposals shall be opened in presence of Consultants or their representatives.

5.6 SELECTION METHODS AND CONDITIONS FOR USE

5.6.1 The most important consideration in the selection of a successful Consultant in the procurement of intellectual and professional services shall be given to the quality of a Consultant's technical proposal. The cost of the services shall be considered judiciously because, in the procurement of intellectual and professional services, quality is the primary concern.

5.6.2 Depending on the nature and complexity of assignments, different selection methods may be selected. The evaluation and selection of consultants shall be carried out in accordance with the following methods:

5.6.2.1 Quality and Cost Based Selection (QCBS);

5.6.2.2 Quality Based Selection (QBS)

5.6.2.3 Selection under Fixed Budget (FBS);

5.6.2.4 Selection of Consultants Qualifications (CQS);

5.6.2.5 Selection Based on Least Cost

5.6.3 The following two selection methods should be the preferred options for selection of Consultants by the public bodies and may be used under the following conditions:

5.6.3.1 Quality and Cost Based Selection (QCBS) is the preferred sub-method that shall be used in most cases. QCBS uses a competitive process among short-listed consultants that takes into account the following in selecting the successful firm:

- the quality of the proposal; and
- the cost of the services.

5.6.3.2 Selection under a Fixed Budget (FBS) is appropriate only when:

- the assignment is relatively simple and can be precisely defined; and

- the budget is fixed.
- tasks that represent a natural continuation of previous work carried out by the concerned firm
- assignments when a rapid selection is essential (e.g. in an emergency situation);
- low-value assignments below the threshold value specified in Appendix 1;
- assignments when only one firm is qualified or has exceptionally good experience for the assignment or
- assignments arising out of a catastrophic event where it is not plausible to attempt a competition

5.6.4 The steps for the preparation of the RFP and the selection of the Consultants for each of the sub-methods shall be in accordance with details provided in the following paragraphs.

5.7 QUALITY AND COST BASED SELECTION (QCBS):

5.7.1 The RFP shall be prepared using the standard RFP document issued by the PPA. The evaluation criteria, (i.e. technical qualifications), required for the satisfactory completion of the assignment shall be clearly stated in the RFP, together with the points for each evaluation criterion that shall be applied in the evaluation of the proposal.

5.7.2 Since cost is a criterion in the evaluation of the proposal, the RFP shall not state the budget or official estimate for the assignment that has been allocated by either the public body/user or beneficiary entity. However, it shall indicate the expected level of inputs of key professional staff (staff time expressed in person-months/weeks/days) that is considered necessary to undertake the assignment. The Consultant shall, then, be able to prepare its own cost estimate to carry out the assignment

5.7.3 In evaluating and comparing technical proposals submitted by consultants in a bid for Procurement of consultancy service, public bodies shall use the following criteria:

- (a) The experience of the consultant relevant to the service required;
- (b) The methodology the consultant proposes to apply in conducting the study or research;
- (c) The knowledge the consultancy service to be rendered by the consultant transfers to the public body;
- (d) The level of participation of Ethiopian consultants in the important components of the consultancy service to be rendered by foreign consultants.

5.7.4 Prices offered by local consultants shall, for the purpose of evaluation, include local taxes. Prices offered by foreign and local consultants may also include translation, travel, stationery and other incidental expenses.

5.7.5 In addition to the method of selection described above, the procedure prescribed in article 16 of the Directive shall apply for a procurement of consultancy service made by means of International competitive bidding.

5.7.6 **Technical Score**

5.7.6.1 The following percentage points shall be given for each criterion listed in article 5.7.3 above depending on the type of the required consultancy service:

Evaluation Criteria (Indicative)	Points
(a) Consultant's specific experience	05 to 10%
(b) The method applied in doing the study or research	20 to 50%
(c) The ability to transfer knowledge	05 to 10%
(d) Competence of key professionals engaged in the consultancy service	30 to 60%
(e) Participation of Ethiopian Nationals	05 to 10%
Total Points should be:	100%

5.7.6.2 In the RFP the points assigned to a particular criterion show the maximum number of points that can be allocated to it when evaluating each proposal.

5.7.6.3 For the purposes of evaluation, each criterion shall have fixed points within the range. Then the total number of points achieved (out of the total of 100 points) shall be weighted to become scores. The steps to be carried out in achieving this are shown in the following example:

Example:

If a technical proposal achieved 90 points and the weighting applied to this was 80%, then by applying the weighting the technical score for this proposal (Ts) would be $90 \times 80\% = 72$. All the other proposals would be weighted and scored in the same manner.

5.7.6.4 The points given to experience can be relatively low, since this factor has already been taken into account when short-listing the Consultant. In the case of complex assignments (e.g. multidisciplinary, feasibility or management studies), more points should be given to the methodology and Work Plan. Similarly, higher points may be preferable for key staff in assignments where personnel input is of paramount importance. Transfer of knowledge may be important in some assignments and in such cases; it should be given higher points to reflect its importance.

5.7.6.5 The RFP shall inform Consultants that a minimum number of technical points have to be achieved in order to accept their proposals for the next stage of the evaluation (i.e. the evaluation of financial proposals). A minimum number of 70 points are required for a technical proposal to be considered responsive. Consultants getting less than 70% in the evaluation shall be rejected and the envelopes containing the financial proposals of those consultants scoring 70% and above shall be opened.

5.7.6.6 The envelopes containing the financial proposals of those consultants who failed to achieve the points required to qualify for financial evaluation shall be returned to them unopened.

5.7.7 Financial Score

5.7.7.1 The RFP shall state the manner in which the financial proposal shall be evaluated.

5.7.7.2 In the financial evaluation, the highest point shall be given to the lowest priced bid, and conversely, the lowest point shall be given to the highest priced bid; among technically qualified bids. The points given to other bidders shall be determined depending on their price offers.

The proposal with the lowest evaluated price shall be given a financial score of 100 and other proposals given scores that are inversely proportional to their prices.

Example:

If the lowest cost financial proposal is say ETB 100,000 then the financial points would be 100 (maximum). Financial scores would then be:

$$(\text{lowest financial cost} / \text{proposal financial cost}) \times 100 \times \text{weighting\%} = \text{score}$$

Example

Proposals	Cost	Points	Weight	Score
Lowest financial proposal	ETB 100,000	100	20%	20
Next highest financial proposal	ETB 120,000	83.3	20%	16.66
Next highest financial proposal	ETB 150,000	66.6	20%	13.32

5.7.7.3 From the total merit points to be given for proposals submitted by consultants in a bid for procurement of consultancy service, the share of technical proposal shall be 80% and the remaining 20% shall be the share of financial proposal.

5.7.7.4 The consultant scoring the highest point in the total sum of the technical and financial evaluation shall be selected as the successful bidder.

5.8 QUALITY-BASED SELECTION (QBS)

Quality Based Selection (QBS) may be appropriate for complex or highly specialized assignments, or those which invite innovations. The selection is based solely on the quality of the proposal without consideration of the cost.

5.8.1 QBS should be used for the following types of assignments:

5.8.1.1 complex or highly specialized assignments where it is difficult to define precise TOR and the required input from the consultants, and for which the client expects the consultants to demonstrate innovation in their proposals (for example, country economic or sector studies, multi-sector feasibility studies, design of a hazardous waste remediation plant or of an urban master plan, financial sector reforms);

5.8.1.2 assignments that have a long term impact and in which the objective is to have the best experts available (for example, feasibility and structural engineering design of such major infrastructure as large dams, policy studies of national significance, management studies of large government agencies); and

5.8.1.3 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).

5.8.2 The Request for Proposals (RFP) should not indicate the estimated budget, but may provide the estimated number of key staff and time, specifying that this information is given as an indication only, and that consultants are free to propose their own estimates.

5.8.3 The envelopes containing the technical proposals shall be opened in the presence of the consultants

5.8.4 The consultant scoring the highest point in the evaluation of the technical proposals shall be selected as the successful bidder.

5.8.5 Notwithstanding the provision of article above, if the price offered by the selected consultant is beyond the public bodies ability to pay, the public body may enter into a contract with the consultant scoring the second highest point in the technical proposal to procure the required service, provided that the price offered by such consultant is affordable to the public body.

5.8.6 Upon signature of the contract with the selected consultant, the envelopes containing the financial proposals of the unsuccessful consultant shall be returned to such consultant unopened.

5.9 SELECTION UNDER A FIXED BUDGET (FBS)

- 5.9.1 This method is appropriate only when the assignment is simple and can be precisely defined and when the budget is fixed.
- 5.9.2 The rules to be followed for the SFB sub-method shall be the same as for the QCBS sub-method, with the following exceptions:
 - 5.9.2.1 The RFP shall indicate the available budget and ask the Consultants to provide, in separate envelopes, their best technical and financial proposals within the budget.
 - 5.9.2.2 For this method of selection, the TOR shall be as complete as possible to make sure that the budget is sufficient for the Consultants to perform the expected tasks.
 - 5.9.2.3 The RFP shall state that, following public opening of the financial proposals, all proposals that exceed the indicated budget shall be rejected.
 - 5.9.2.4 The envelopes of the technical proposals shall be opened in the presence of the bidders in accordance with article 16.18.3 (a) of the Directive.
- 5.9.3 The financial envelopes of the consultants, who have technically qualified, shall be opened in their presence and the price offered by each consultant shall be read out.
- 5.9.4 Consultants offering price in excess of the budget available for the procurement shall be disqualified.
- 5.9.4.1 The consultant offering the price within the budget limit allocated to the procurement and scoring the highest point in the total sum of the technical & financial evaluations shall be selected as the successful consultant. If necessary, negotiation may be held with the selected consultant on certain issues excluding price.

5.10 SELECTION BASED ON CONSULTANTS QUALIFICATIONS (CQS):

- 5.10.1 This method may be used for small assignments of which the cost and time required for preparing and evaluating competitive proposals is not justified.
- 5.10.2 This method may only be used where the value of the consultancy services does not exceed Birr 50,000.
- 5.10.3 Consultants shall be selected on the basis of their qualifications and experiences for the assignment. They may be selected following a Request for Expressions of Interest advertisement through comparison of qualifications and experiences of the candidates who have expressed interest in the assignment or have been approached directly by the public body.
- 5.10.4 Individuals shall have demonstrated in their Expressions of Interest that they meet the required qualifications and experiences and fully capable of carrying out the assignment. Their capability shall be judged on the basis of academic background, experience in the field of assignment and as appropriate, knowledge of the local conditions, as well as language and culture.

5.10.5 Following the completion of the evaluation of the Consultants' qualifications, the short listed Consultants may be invited for interview. The selected Consultant is then invited to negotiate fees / remunerations, reimbursable, the inputs available from the public body and subsequently to sign the contract. However, in order to select the suitable candidate within a reasonable budget, the public body may prepare a list of alternate candidates in order of priority.

5.11 SELECTION BASED ON LEAST COST

5.11.1 This method is appropriate for procurement of a consultancy service which is standard, simple and doesn't call for special qualification of a consultant.

5.11.2 In evaluating consultants by applying this method, public bodies shall set the minimum point of technical evaluation which they shall indicate in the request for proposal to be issued for consultants who are selected from the suppliers list.

5.11.3 The envelopes of technical proposals shall be opened in the presence of the consultants and the evaluation shall be carried out there after.

5.11.4 Consultants failing to score the minimum point set for technical qualification shall be disqualified.

5.11.5 The envelopes containing the financial evaluation of consultants not satisfying the minimum point set for technical qualification shall be returned to them unopened.

5.11.6 The financial envelopes of the consultants who have technically qualified shall be opened in their presence and the price offered by each bidder shall be read out.

5.11.7 The consultant offering the lowest evaluated price shall be selected as the successful consultant from among the consultants who have technically qualified by satisfying the minimum point

5.11.8 A Flow Chart on process to be followed and activities to be undertaken under QCBS, QBS, FBS, and CQS methods are attached at Appendix 11.

5.12 EVALUATION OF PROPOSALS

5.12.1 Public bodies shall examine and evaluate proposals strictly in accordance with the provisions of the Proclamation and Directive and the requirements contained in the Request for proposals document. The public body shall also ensure that it follows the requirements of Procurement Plan. The head of public body may appoint the ad hoc Proposal Evaluation Committee, its Chairperson and members and the rules to be followed during the evaluation and approval process.

5.12.2 The head of the public body may establish a technical committee to assist and advise the ad hoc Proposal Evaluation Committee in the technical evaluation of bids.

- 5.12.3 In all cases the head of a public body shall approve the recommendation for award. The ad hoc Proposal Evaluation Committee members themselves shall examine and evaluate the proposals, and prepare the evaluation report including recommendations for award of contract, without delegating any responsibility to others.
- 5.12.4 Proposals shall be received by the deadline specified in the RFP. The assigned officer of the public body shall return late proposals unopened to the respective Consultants. Upon receipt of proposals, the public body shall record their receipt and the proposal envelope shall either be placed in the bid box or kept in a secured and safe place with the Chairman and or the secretary of the ad hoc Proposal Evaluation Committee as its custodian. This process shall be handled in a similar manner used in the Open Bidding Method.
- 5.12.5 Following the deadline for the submission of proposals, the received proposals shall be taken from the bid box or safe custody and opened by the ad hoc Proposal Evaluation Committee. The technical proposal envelopes shall be taken by the ad hoc Proposal Evaluation Committee, while the financial proposals shall be deposited unopened with the Chairman and or the secretary of the ad hoc Proposal Evaluation Committee and shall be safeguarded until the technical evaluation proceedings completed. The envelope marked as financial proposal shall be initialed by all ad hoc Proposal Evaluation Committee members in such a way to protect the contents of the envelope from unnoticeable premature opening (e.g. shall be signed on the joints of the envelopes).
- 5.12.6 In the event that a Consultant does not follow very carefully the instructions for sealing and marking envelopes contained in the RFP and the ad hoc Proposal Evaluation Committee shall, through this error, learn in advance the price of a particular proposal, then the Consultant shall be solely and entirely liable for that disclosure, which shall constitute grounds for rejecting the proposal.
- 5.12.7 A public body may accept a single proposal for evaluation if only one is submitted on the due date and time, provided that all short listed Consultants have been requested to submit proposal allowing the specified time. If the proposal is found to be technically responsive with the RFP document, the public body shall evaluate the proposal as detailed in the proposal documents.
- 5.12.8 Under QCBS (Quality and Cost Based Selection), SFB (Selection under Fixed Budget); CBS (Selection Based on Consultants Qualifications), the First Stage of the evaluation shall involve only an examination and evaluation of the technical proposals. The evaluation of technical proposals shall be carried out by the ad hoc Proposal Evaluation Committee exactly as described in the RFP.
- 5.12.9 Each member of the ad hoc Proposal Evaluation Committee shall evaluate separately each proposal. Then, the score of each proposal should be the average of the scores given by the member of the ad hoc Proposal Evaluation Committee for the respective proposal. In the case of major differences in score assigned by the individual evaluators, the Chairperson shall look into the differences and ask the concerned individual evaluators to justify their score and reach a more acceptable spread of scores, following which the score shall be awarded to the concerned proposal(s).

- 5.12.10 A Proposal Evaluation Report shall be prepared clearly indicating the technical score attributed to each proposal, in order to identify Consultants who have achieved the required minimum technical score and who now shall be considered in the combined technical and financial evaluation. The technical evaluation report shall be submitted to the head of a public body or an officer authorized by him/her in the same manner as in the procedure for Open Bidding Method and examination and evaluation of bids.
- 5.12.11 In the event that only one proposal achieves the quality threshold, then with the approval of the head of a public body or an officer authorized by him/her or an approving authority the proposal will be considered for the next stage of the evaluation, i.e. the combined technical and financial evaluation.
- 5.12.12 Upon completion of the technical evaluation and the approval of the Technical Proposal Evaluation Report by the head of a public body or an officer authorized by him/her or an approving authority, the Consultants who have submitted a proposal exceeding the quality threshold specified in the RFP shall be invited to a public opening of their financial proposals. At this public opening, the Bid Evaluation Committee shall announce the technical score of each proposal which have achieved the quality threshold, together with its respective price. The financial proposal shall be checked to verify if it is arithmetically correct and any errors in calculation shall be notified to the Consultant in the same manner as in Open Bidding Method.
- 5.12.13 If a task prescribed in the TOR is mentioned in the Consultant's technical proposal but is not priced in its financial proposal then an equivalent price shall be worked out for this task which is the maximum price for the task quoted by any one responsive Consultant. This equivalent price will be added to the Consultant's financial offer for evaluation purposes only. If this particular Consultant is finally awarded then the actual price to be paid by the public body to the Consultant shall be negotiated and shall not exceed the equivalent price (e.g. maximum price quoted by any one responsive Consultant) considered for evaluation.
- 5.12.14 The items included by Consultants as reimbursable shall be reviewed both for arithmetical correctness and content. If it is considered that an item has been included that is not required from the Consultant, as the public body or the user/beneficiary entity shall provide it, it shall be deleted from the proposal and not considered in the price evaluation.
- 5.12.14.1 In case of QCBS the financial proposals shall then be evaluated as described:
- 5.12.15 The successful Consultant shall be the Consultant whose combined technical and financial proposal is the most advantageous to the public body, based upon the results of the combined technical and financial evaluation, i.e. Consultant attains the highest combined technical and financial score. The Consultant, whose proposal has the highest number of points, shall be recommended by the ad hoc Proposal Evaluation Committee to be invited for negotiations in case of QCBS. In the case of Selection under Fixed Budget, the firm that submitted the highest ranked technical proposal (evaluated price) within the budget should be selected. In the case of the Least Cost Selection, the lowest financial proposal (evaluated price) among those achieved the

required minimum technical score shall be selected. In all cases the selected firm is invited for negotiations. In case of Single Source Selection, firm selected on a single source basis is invited to negotiate its proposal.

5.12.15.1 The formula of combined evaluation is stated in the standard RFPs.

5.12.16 The ad hoc Proposal Evaluation Committee shall submit the Proposal Evaluation Report, together with its recommendations for award of contract directly, to the head of a public body or an officer authorized by him/ as laid down in the Proclamation. This shall be submitted within the time limit set in the Proclamation, so that an award of contract can be notified before the expiry of the validity of the proposals, without seeking an extension of validity by the public body. The public body shall notify the successful Consultant that its proposal has been accepted and shall set a date for the commencement of contract negotiations to enforce contract within the prescribed date.

5.13 NEGOTIATION AND CONTRACT AWARD FOR PROPOSALS

5.13.1 A public body may negotiate with the successful Consultant only on the following components of its proposal:

5.13.1.1 content of the consultancy work;

5.13.1.2 methodology applied to accomplish the work;

5.13.1.3 work plan;

5.13.1.4 the quality of the human power to be engaged by the consultant;

5.13.1.5 the material to be used by the consultant in the performance of the service

5.13.1.6 training inputs (if training is a major component);

5.13.1.7 the content of the report to be submitted by the consultant as well as the manner of submitting such report; and

5.13.1.8 other issues that may arise from the performance of the service.

5.13.2 It is strictly forbidden for a public body to either seek or permit changes in the rates quoted for staff remuneration proposed by the Consultant in all methods where the Consultants' price uses a factor in the evaluation.

5.13.3 Negotiations shall include discussions of the TOR, the approach and methodology, organization and staffing, work plan and the public body's inputs. Special attention shall be paid to defining clearly the inputs and facilities offered by the public body. The negotiations shall not significantly alter the original TOR otherwise the integrity of the negotiations, the content and findings of the technical evaluation report, may be questioned.

- 5.14.1. The essential requirements of the RFP and the quality of the work to be delivered by the consultant are not negotiable. Major reductions in work inputs shall not be made just to meet the budget. The final TOR and the agreed methodology shall be incorporated into the “Description of Services”, which shall form part of the contract.
- 5.13.4 The selected consultant shall not be allowed to substitute key staff, unless both parties agree that delay in the finalization of the selection process has made such changes necessary or that such changes are critical to meet the objectives of the assignment. If public bodies include a realistic proposal validity period in the RFP and carry out an efficient and prompt evaluation, the risk of consultants needing to make changes to key personnel shall be minimized.
- 5.13.5 If this is not the case and if it is established that the key staff were offered in the proposal without confirming their availability, the firm may be disqualified and the negotiations may be opened with the next ranked firm. The key staff proposed for substitution shall be approved by the head of a public body and shall have qualifications equal to or better than the key staff initially proposed.
- 5.13.6 Under QCBS, SFB and LCS proposed unit rates for staff-months shall not be negotiated, since these have already been a factor of selection in the cost of the proposal. A limited scope of negotiations could include the number of air tickets foreseen, exceptionally high per diem rates, replacing a Consultant, providing offices space, vehicles and telecommunications with those that can be provided by the public body.
- 5.13.7 The Consultant receiving an award of contract shall be required to submit any performance security. A public body may require a consultant to furnish professional indemnity insurance in respect of consultancy service such consultant renders to the public body under a contract, where the public body finds it appropriate to make provision for any damage it may sustain as a result of possible default on the part of the consultant.
- 5.13.8 If the negotiations fail to result in an acceptable contract, the public body shall terminate the negotiations and invite the next ranked Consultant for negotiations after due consultation with the head of a public body or an officer authorized by him/her or an approving authority, prior to taking this step. The Consultant shall be informed of the reasons for the termination of the negotiations. Once negotiations are commenced with the next ranked Consultant/consulting firm, the public body shall not reopen the earlier negotiations. After negotiations are successfully completed, the public body shall promptly notify other consultants on the short-list that they were unsuccessful in their proposals. At this point the financial envelopes of non-technically responsive Consultants should be returned to them unopened.
- 5.13.9 In the event that a second negotiation should fail, the public body shall negotiate with the next ranked responsive Consultant and so on, until a successful contract has been concluded, subject to the right of the public body to reject all proposals in accordance with rejection of all bids, proposals and quotations and to reissue the RFP using new documents, if necessary.

- 5.13.10 All public bodies issuing award of contract above the threshold value specified in Appendix-1 shall intimate the PPA for publication of the award in the PPA website.

5.14 OTHER SERVICES

- 5.14.1 When evaluating proposals for non-consulting services, such as cleaning services, security or guarding services, car hire, etc, the evaluation shall be undertaken against criteria that are stated in the Bidding Document. For such bids there may be three criteria, weighted as follows: -

- 5.14.1.1 Technical attributes—these attributes will distinguish between essential and desirable attributes - 50-60%.

- 5.14.1.2 Tendering price - 30-40%; and

- 5.14.1.3 Other aspects, such as delivery time, terms of payment, capacity to render the services, facilities of the contractor - 10-20%.

5.15 TYPES OF CONTRACTS FOR CONSULTANCY SERVICES

- 5.15.1 **Lump Sum Contract** - 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. Lump sum contracts are easy to administer because payments are due on clearly specified outputs.

- 5.15.2 **Time-Based Contract** - 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, 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 client to ensure that the assignment is progressing satisfactorily, and payments claimed by the consultants are appropriate.

- 5.15.3 **Retainer and/or Contingency (Success) Fee Contract** - Retainer and contingency fee contracts are widely used when consultants (banks or financial firms) are preparing companies for sales or mergers of firms, notably in privatization operations.

The remuneration of the Consultant includes a retainer and a success fee, the latter being normally expressed as a percentage of the sale price of the assets.

5.15.4 **Percentage Contract** - These contracts are commonly used for architectural services. They may be also used for procurement and inspection agents. Percentage contracts directly relate the fees paid to the Consultant to the estimated or actual project construction cost, or the cost of the goods procured or inspected. The contracts are negotiated on the basis of market norms for the services and/or estimated staff-month costs for the services, or competitively bid. It should be borne in mind that in the case of architectural or engineering services, percentage contracts implicitly lack incentive for economic design and are hence discouraged. Therefore, the use of such a contract for architectural services is recommended only if it is based on a fixed target cost and covers precisely defined services (for example, not works supervision).

5.14.2. **Indefinite Delivery Contract (Price Agreement)** - These contracts are used when the public body need to have "on call" specialized services to provide advice on a particular activity, the extent and timing of which cannot be defined in advance. These are commonly used to retain "advisers" for implementation of complex projects (for example, dam panel), expert adjudicators for dispute resolution panels, institutional reforms, procurement advice, technical troubleshooting, and so forth, normally for a period of a year or more. The Borrower and the firm agree on the unit rates to be paid for the experts, and payments are made based on the time actually used.

6 COMPLAINT REVIEW PROCEDURE

6.1 RIGHT TO COMPLAIN

6.1.1 Any Bidder who claims to have suffered or who may suffer, loss or damage due to a breach of a duty imposed on a public body by the Proclamation and Directive may complain accordingly. The purpose of these complaint provisions is to ensure that a public body performs the procurement related duties in accordance with the Proclamation and Directive in a fair and transparent manner. It also demands that public body personnel shall discharge their responsibilities duly as public officers of the Government. It also provides bidders the opportunity to challenge erroneous documents or undue process by the public body, thus ensuring a fair and effective operation of the public procurement system.

6.2 PROCEDURE FOR SUBMISSION OF COMPLAINT FOR REVIEW

Complaint review procedures with regard to proceedings of public procurement are detailed in **Manual on Public Procurement Complaint Procedure**.

6.2.1 Who May Submit a Complaint?

6.2.1.1 A candidate or a bidder who claims to be aggrieved or is likely to be aggrieved on account of a Public Body inviting a bid not complying with the provisions of the Proclamation or Directive in conducting a bid proceeding may submit, in the first instance, a complaint in accordance with the procedures set forth herein to the head of the Public Body or to the Secretariat of the Board to have the bid proceeding reviewed or investigated, if not satisfied with the Public Body's decision or if its decision is not issued within 10 days after submission of complaint.

Accordingly, eligible to submit a complaint are bidders in the procurement procedure as well as candidates who have a legal interest in being awarded the contract or who suffered or may suffer damages resulting from the alleged infringements of their rights.

In other words, the Proclamation and Directive ensure protection of rights not only of the bidders that participated in the public procurement procedure, but also natural or juridical persons that would be interested in taking part in the procurement procedure and being awarded the contract, but due to some actions or failure to take an action by the public body they have been prevented from application for a contract in the public procurement procedure.

Examples of candidate/bidder/supplier eligible to submit a complaint:

- Candidate that could not participate in public procurement procedure because of discriminatory requirements concerning capacity to perform the contract or discriminatory description of the subject-matter of the contract;
- Candidate unfairly excluded from participation in the procurement procedure;

The three different types of participants in the complaint procedure are as follows:

- (a) **Active party** to the procedure, which is the entity at whose request the complaint procedure is launched (bidder eligible to submit a complaint);
- (b) **Passive party**, against which a complaint procedure is conducted (public body);
- (c) **Interested party**, who is entitled to participate in the procedure to protect its rights or legal interests (any candidate which has a legal interest in being awarded the contract)

6.2.2 **When Complaint May Not be Lodged?**

6.2.2.1 Complaint may not be lodged in respect of the following matters:

- (a) The selection of procurement method carried out in accordance with the conditions established in the proclamation;
- (b) The selection of bidders for procurement to be made by means of restricted tendering or request for quotation or on the evaluation criteria set forth in the bidding document beforehand;
- (c) The preference given to Domestic Providers pursuant to Article 25 of the Proclamation and article 16.20.1 of the Directive;
- (d) Decisions given to reject bids, bid documents or price quotation pursuant to Article 30 of the Proclamation;
- (e) No complaint presented to the head of a public body after 5 working days have elapsed from the date on which the public body disclosed the result of a bid evaluation, or no complaint presented to the Board after 5 working days have elapsed from the date on which the public body responded to the complaint shall be accepted;
- (f) No complaint shall be accepted after a contract was signed, provided that such contract was signed after seven working days from the result of the bid evaluation being disclosed as provided in sub article 46.3 of the Proclamation and article 45.1 (a) of the Directive.

6.2.3 **What can be Subject to the Complaint Procedure?**

6.2.3.1 Subject of the complaint procedure may be all decisions, actions or failure to take an action by the public body which was obliged to take the action according to the Proclamation or Directive, provided that it constitutes infringement of the public procurement procedures required by Proclamation or Directive or infringement of rights of bidders or candidates.

It means in practice that subject to the review procedure may be not only incorrect decision or action of the public body, but also the lack of action when the public body is obliged to take this action. It means also that the review procedure may concern the actions and decisions taken during the contract award procedure as well as before launching the procedure, provided that they violate rights of bidders or candidates as a result of breaching of any of the rules determined in the Proclamation or Directive.

The subject of the complaint procedure should be understood as broadly as possible in order to prevent any possible violation of rights of interested parties and violation of basic principles of public procurement such as transparency, equal treatment, non-discrimination, and competition rules.

Examples of actions which could be subject to the complaint procedure are the following:

- Division of the contract into lots after publication of Invitation to Bid in order to avoid the obligation to apply the proper public procurement procedure;
- Incorrect or discriminatory description of the subject-matter of the procurement procedure;
- Discriminatory requirements concerning candidates interested in participation in the procedure;
- Decisions concerning exclusion from the procedure or rejection of the bid; and
- Contract award decisions.

6.2.4 Contents of Complaint

6.2.4.1 A complaint should include the following information:

- (a) Information on the bidder or candidate (the first and last name, company name or title, address of habitual residence, registered office, telephone and facsimile number);
- (b) Information on the representative or agent with a power of attorney;
- (c) The name, company name and registered office of the public body;
- (d) The number and date of the Invitation to Bid and information concerning the contract award notice;
- (e) The number and date of the contract award decision, the cancellation decision or other decisions made by the public body;
- (f) Other information concerning actions, failures to act or procedures of the public body which are the subject of the complaint procedure, information concerning the subject-matter of procurement, and the procurement reference number, a description of the state of facts;
- (g) A description of the infringements and an explanation;

- (h) The proposed evidence;
- (i) The claim for remedy;
- (j) The claim for the compensation of procedural costs; and
- (k) The signature of the authorized person and seal.

6.2.4.2 If a complaint does not contain minimum required information specified above the public body should ask the bidder or candidate to supplement a complaint and it should set up the time limit for it. If the bidder or candidate does not supplement required information his complaint will be dismissed as irregular, unless its content allows further procedure and the complaint contains the claim for remedy.

6.2.4.3 Bidders or candidates who do not have their registered office in the territory of the Federal Democratic Republic of Ethiopia should designate an agent with a power of attorney or an agent for the service of documents within the territory of the Federal Democratic Republic of Ethiopia or provide for a different way of service of documents, which shall not result in the stalling of the procedure.

6.2.5 Evidence

6.2.5.1 During the complaint procedure, parties have to present all facts on which they base their request, their decisions, actions or lack of actions. All facts they claim should be supported by presentation of proper evidence.

6.2.5.2 The role of public body in the complaint procedure is to present and prove all facts and circumstances, on the basis of which it took or omitted to take decisions concerning individual rights of participants of public procurement procedure which are subject of complaint procedure.

6.2.5.3 On the other hand the complainant should prove or indicate reasonable facts justifying submission of complaint and all infringements of the procurement procedure or violations of the Proclamation or Directive referred in the complaint he/she is aware of.

6.2.6 Method of Submission of Complaint

6.2.6.1 A complaint against any act or omission by the public body should be, in the first instance, addressed to and lodged with the public body. Bidder or candidate may lodge it in writing, in person or send it by registered mail.

6.2.7 Timing of Complaint Procedure

6.2.7.1 The date of submission of the complaint is:

- (a) The ***date of submission of registered letter*** at the post office when a complaint is lodged by using post, or
- (b) The ***date of receipt of a complaint by the public body***, if a complaint is delivered in person. In such a case public body should issue to the complainant receipt confirmation with indication of the time of receipt by the public body.

When the public body refuses to issue a confirmation, the complaint shall be deemed as lodged in good time, unless the public body proves otherwise.

The overall complaint procedure shall have the following timing:

ACTION	TIME FRAME	PRECONDITION
Submission of complaint to the public body	5 working days ¹	<ul style="list-style-type: none"> • From the date when candidate became aware of or should have been aware of the reason giving rise to the complaint. • From the date when public body disclosed the result of a bid evaluation.
The public body's written decision on the complaint	10 working days ²	From the date of submission of the complaint by the complainant.
Submission of complaint to the Board	5 working days ³	From the date of notification in writing of the decision of the head of the Public Body on that complaint if the complainant is not satisfied by the decision.
The Board's written decision on the complaint	15 working days ⁴	From the date of receiving complaint by the complainant.

6.2.8 Consequences of Submission of Complaint

- 6.2.8.1 The most significant consequence of lodging a complaint is the suspension of the procurement proceedings⁵.

¹ Proclamation, Sub-article (2) of Article 74;

² Proclamation, Sub-article (3) of Article 74;

³ Proclamation, Sub-article (4) of Article 74;

⁴ Proclamation, Sub-article (4) of Article 75;

- 6.2.8.2 In accordance with Article 16.27.7 of the Directive public bodies are prohibited from signing a contract before the expiry of a period of seven working days from the date bidders are notified of the result of their bid or of any complaint against the bid proceeding. This term is counted from the date of the receipt of a notification of award. Complaints submitted against an award decision prevent signing of a contract for all groups or lots of the subject-matter of procurement.
- 6.2.8.3 A public body's procurement unit shall suspend a bid proceeding if it ascertains that a complaint is presented to the head of the public body in regard to a bid proceeding within five (5) working days from the date bidder or candidate became aware of or should have been aware of the reason giving rise to the grievance until the head of the public body gives decision on the complaint.
- 6.2.8.4 Any decision made by a public body in regard to a procurement proceeding and the reasons on which the decision was based shall be kept as part of the record of that procurement proceeding.
- 6.2.8.5 It should be pointed out that the time period before which it is not possible to sign and perform contract does not start at the date of lodging a complaint but earlier, at the day of the receipt of an individual notification concerning the award of contract. Suspension lasts until the expiry of the standstill period discussed above or until the end of the complaint procedure if a complaint has been lodged. Such provisions allow bidders or candidates concerned to lodge a complaint and defend their rights at the stage when irregularities could still be rectified or removed. It prevents situations when candidate would lose the possibility to be awarded the contract.
- 6.2.9 **Conciliation and Mutual Agreement**
- 6.2.9.1 One of the provisions provided by the Proclamation is that the complainant and the public body shall endeavor to resolve the dispute amicably (*conciliation*) by mutual agreement⁶.
- 6.2.9.2 Parties of the complaint procedure may reach mutual agreement during the complaint procedure conducted in the first instance, before review by the Board. In that case, settlement shall be approved by the head of the public body and provided that it is not contrary to the provisions of the Proclamation and the rules of public morality or legal interests of third parties (*settlement*).
- 6.2.10 A public body shall handle all procurement proceedings fully in accordance with the Proclamation, Directive and the Manual. If they fail to do so, any person or firm or bidder may submit a complaint concerning any action on the part of a public body that is considered not to comply with the Proclamation, Directive or the Manual.

⁵ Proclamation, Sub-article (3) of Article 74⁵; Directive, Article 46;

⁶ Proclamation, Sub-article (3) of Article 74;

However, some common examples of circumstances in which a formal complaint may be lodged against a public body are outlined below and are by no means exhaustive:

6.2.10.1 Invitations for Pre-qualification:

- (a) Inadequate time allowed through advertisement by the public body for Invitation for Pre-qualification;
- (b) Invitation for Pre-qualification documents were not ready when the advertisement was published by the public body or not available when requested by a potential Applicant;
- (c) Failure to respond promptly to a request for clarification from a potential Applicant;
- (d) Failure by the public body to follow the qualification criteria stated in the Invitation for Pre-qualification;
- (e) Biased/unfair qualification criteria; and
- (f) Perceived unfair denial of pre-qualification.

6.2.10.2 Open Bidding Method:

- (a) Advertisement not properly with incomplete information;
- (b) Inadequate time allowed through advertisement by the public body for Invitation to Bid (Bidding period inadequate);
- (c) Invitation to Bid documents were not ready when the advertisement was published by the public body or not available when requested by a potential bidder;
- (d) Failure to respond promptly to a request for clarification from a potential bidder;
- (e) Technical specification that can be met by only one or a small number of manufacturers, especially if such specification is made to limit other potential bidders from participation.
- (f) Failure to hold an advertised pre-bid meeting or to properly notify potential bidders of a change in the date/location/time, etc. that resulted in some potential bidders failing to attend the meeting;
- (g) Failure to hold the bid opening as stated in the Invitation to Bids and/or improper conduct at the bid opening;

- (h) Mishandling of bids received from bidders resulting in the early opening of one or more bids that produces either a loss of confidentiality of the bid or an actual failure to open a bid at a public opening;
- (i) Failure to open all bids which were received prior to the deadline for the submission of bids;
- (j) Failure by the public body to comply with the bid evaluation criteria stated in the Invitation to Bids;
- (k) Any attempt by the public body to ‘negotiate’ with the successful bidder.
- (l) Biased evaluation criteria; and
- (m) Perceived unfair or erroneous award of contract.

6.2.10.3 Restricted Bidding Method:

- (a) All the points mentioned in the Open Bidding Method as may be relevant for Restricted Bidding Method.

6.2.10.4 Direct Procurement Method:

- (a) All the points mentioned in the Open Bidding Method as may be relevant for Direct Procurement Method.

6.2.10.5 Two-stage Bidding Method:

- (a) All the points mentioned in the Open Bidding Method as may be relevant for Two-Stage Bidding Method, with the following additional example:
- (b) A breach of confidentiality by the public body at the time of discussions with each Bidder during the evaluation of the first-stage bid

6.2.10.6 Request for Quotations Method:

- (a) All the points mentioned in the Open Bidding Method as may be relevant for the Requests for Quotations Method.
- (b) Request for Expressions of Interest:
- (c) Inadequate time allowed through advertisement by the public body for Request for Expressions of Interest;

- (d) Request for Expressions of Interest documents not ready when advertisement published by the public body or not available when requested by a potential Applicant; and
- (e) Failure to respond promptly to a request for clarification from a potential Applicant.
- (f) Requests for Proposals:
- (g) Inadequate time allowed by the public body for the preparation and submission of proposals;
- (h) Failure on the part of the public body to maintain confidentiality following the opening of the envelopes containing the technical proposals;
- (i) Opening of the financial proposals in error at the same time as the opening of the technical proposals;
- (j) Failure to evaluate the proposals in accordance with the evaluation criteria set out in the RFP;
- (k) Attempt by the public body to force a Consultant to revise fee rates during the negotiation of the contract; and Perceived unfair award of contract.

7 PROCUREMENT AUDIT

7.1 MANDATE FOR PROCUREMENT AUDIT

- 7.1.1 The mandate of the Agency's for procurement audit is derived from the Ethiopian Federal Government Procurement and Property Administration Proclamation No. 649/2009 and established under the article 15.9 (Functions of the Agency) and article 5.19 of the Directive.
- 5.14.3. In accordance with the Proclamation article 15.9, PPA may conduct audit to ensure that procurement and property administration activities of public bodies are in accordance with the Proclamation, directive, and other documents governing public procurement and property administration.
- 7.1.1.1 In accordance with the Directive Article 5.19 the head of public body has to make arrangements necessary for procurement audit or inspection to be conducted by the PPA in respect of the execution of procurements by the public body, including the following:-
- 7.1.1.2 Make available in due time, documents necessary for procurement audit,
- 7.1.1.3 Cause the provision of office space and facilities for employees assigned to conduct the procurement audit.
- 7.1.1.4 Assign a staff to give explanation on the conduct of procurements made by the public body.
- 7.1.2 The PPA has issued detailed Manual for the performance of the procurement audit.

8 CONTRACT MANAGEMENT, DELIVERY AND PAYMENT

8.1 CONTRACT MANAGEMENT

8.1.1 Effective management of contracts is essential to ensure that the objectives of the procurement process are achieved and that all contractual obligations and activities are completed efficiently by both parties to the contract. The Procurement Unit must ensure that routine monitoring of all current contracts is maintained so that swift remedial measures can be taken when problems arise, or preventative action taken when problems are foreseen.

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

8.1.2.1 Contract Effectiveness;

8.1.2.2 Delivery and Inspections of Goods;

8.1.2.3 Insurance Claims;

8.1.2.4 Payments to the Consultant, Supplier or Contractor;

8.1.2.5 Performance Monitoring for Services and Works;

8.1.2.6 Contractual Disputes;

8.1.2.7 Delays in Performance;

8.1.2.8 Claims for Damages;

8.1.2.9 Initial and Final Takeover of construction works;

8.1.2.10 Installation and Commissioning of Equipment;

8.1.2.11 Acceptance of Deliverables;

8.1.2.12 Release of Performance Securities and Retentions;

8.1.2.13 Contract Closure

8.2 CONTRACT EFFECTIVENESS

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

8.2.1.1 Receipt by the public body of the Performance Security;

8.2.1.2 Receipt by the public body of an Advance Payment Security;

8.2.1.3 Receipt by the Supplier/Contractor of the Advance Payment; or

8.2.1.4 Receipt by the Supplier/Contractor of an acceptable Letter of Credit.

8.2.2 Action:

8.2.2.1 If the Supplier or Contractor fails to provide the Performance Security, and fails to respond to a written reminder, seek the advice of the Procurement Unit for a decision as to whether the contract may be cancelled and awarded to another bidder;

8.2.2.2 Ensure that any Advance Payment specified in the contract is paid immediately when the Advance Payment Security is received from the Supplier or Contractor;

8.2.2.3 Ensure that any Letter of Credit required is issued promptly.

8.3 CONTRACT SUPERVISION AND ADMINISTRATION—GOODS

8.3.1 Contract supervision and administration for goods will be the primary responsibility of the Procurement Unit.

8.3.2 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 correct goods are delivered on time.

8.3.3 The Procurement Unit will:

8.3.3.1 Monitor the delivery schedules of all purchases to ensure that they are dispatched, delivered or collected on time.

8.3.3.2 Receive reports on pre-shipment inspection of goods and contact the Supplier in writing requesting rectification of any discrepancies or deficiencies.

8.3.3.3 Contact the Supplier or shipper to identify the causes of any delay in delivery;

8.3.3.4 Initiate and supervise any process for claims against insurance or the supplier.

8.3.3.5 Report to the head of the public body any failure by the Supplier in his contractual obligations.

8.3.4 The Stores Department will:

8.3.4.1 Co-ordinate the receipt and inspection of goods;

8.3.4.2 Issue the goods after delivery and formal acceptance to the User Department.

8.4 PRE-SHIPMENT INSPECTION OF GOODS

8.4.1 Pre-shipment inspection of goods is required for imports into Ethiopia though not for all kinds of imports. It is also essential for expensive imported goods and items likely to suffer damage or deterioration during transit if not packed in accordance with the specifications in the contract. When pre-shipment inspection of goods is specified in the contract, this will normally be undertaken by a nominated international third-party agent for imported goods or by a nominated inspector for local goods.

8.4.2 The inspector (who must be experienced and skilled) will carry out the following tests — on a random sampling basis where appropriate—to ensure that the goods and packing are in strict conformity with the requirements.

8.5 PRE-SHIPMENT INSPECTION ACTION:

8.5.1 Obtain and verify Suppliers' Certificates of Analysis or Compliance to verify physical characteristics and chemical details, type, batch numbers and shelf life as appropriate.

8.5.2 Where appropriate, check that the consignment has a shelf life not less than that specified in the contract from arrival in Ethiopia, and that all necessary instructions and manuals are enclosed and are printed in the required language.

8.5.3 Check that all packages are serially numbered and complete and that labeling and marking is exactly as specified in the contract.

8.5.4 Check that dimensions of the packing are as specified in the contract and that pallet markings and handling descriptions are clearly displayed to ensure proper handling in transit and at the delivery destination.

8.5.5 Check that all individual items, internal packing and external packages are exactly as specified in the contract.

8.5.6 Check that the primary packing is not damaged, opened or tampered with and that the shipping mark requirements are correct.

8.5.7 Check the packing against appropriate transportation and commodity regulations, and ensure that it is adequate for the safe shipment of goods by the contracted mode of transport.

- 8.5.8 Check the stability of cartons/pallets and that all waterproofing of the packing is sufficient if the consignment is to be transported by open truck, or left exposed during transit.
- 8.5.9 Prepare a detailed report against each of the above items and arrange for those present at the inspection to sign the report in agreement of the findings.
- 8.5.10 Take photographs wherever possible and relevant and attach these to the report.
- 8.5.11 Submit the report immediately to the public body.
- 8.5.12 Any discrepancies found in the course of the inspection must be reported immediately.

8.6 COLLECTING GOODS FROM THE PORT OF ENTRY

- 8.6.1 Port and customs clearance of goods and physical collection at the Port of Entry may be necessary in some circumstances depending on the INCOTERMS used.

8.7 BEFORE ACCEPTING THE CONSIGNMENT:

- 8.7.1 Carefully examine the packages to check they are all present according to the Shipping Documents or Airway Bill and to look for signs of any physical damage.
- 8.7.2 Look also for signs of tampering with any of the packages e.g. cases with broken seals, loose or open tops.
- 8.7.3 Have the packages re-weighed if there is any suspicion that items have been removed, and compare the result with the shipping documents.
- 8.7.4 Note any deficiency either in quantity or in condition on the receipt given in exchange for the goods (a claused receipt).
- 8.7.5 If there are shortages, in addition to a claused receipt, a short-landed or discrepancy certificate should also be obtained to assist claims against the Supplier or insurance companies.

8.8 RECEIPT AND INSPECTION OF GOODS

- 8.8.1 The Stores Department is normally responsible for the receipt of goods except under works contracts where construction materials are delivered direct to the site.

8.9 DELIVERY OF GOODS

- 8.9.1 On delivery by a Supplier or carrier, the Storekeeper will:

- 8.9.1.1 Receive the goods into temporary storage.
- 8.9.1.2 Examine the apparent condition of the goods and packing.
- 8.9.1.3 Issue an interim receipt, noting the apparent condition, pending the meeting of an Inspections and Receiving Committee.
- 8.9.1.4 Receive and register the invoices pending processing (through the Procurement Unit) to the Accounts Department for payment following the report of the Inspections Committee.
- 8.9.1.5 Arrange notification to the Inspections and Receiving Committee and to the Supplier of the date and time of the formal inspection of the delivery.

8.10 INSPECTION OF GOODS

- 8.10.1 The Inspections and Receiving Committee shall meet within two days following the arrival of the goods, and in the presence of the Supplier's representative if he chooses, will:
 - 8.10.1.1 Examine the documentation and packaging for compliance with the contract.
 - 8.10.1.2 Ask the Supplier to open the packages (or arrange opening of the packages at the Supplier's expense).
 - 8.10.1.3 Examine and analyze the goods for conformity with the contract specifications and/or the samples provided.
 - 8.10.1.4 Reject all goods that are damaged or do not conform to the required specifications or samples.
 - 8.10.1.5 Prepare an Inspection Report with an original and three copies, recording the delivery, and descriptions, specifications and quantities of the goods examined, and the reasons for accepting or rejecting the goods.
 - 8.10.1.6 Release accepted goods to the Stores which will take the items on charge by issue of a Goods Received Note and entry into the Stores Ledger
- 8.10.2 Any rejected goods should be removed by the Supplier within one week. If the goods are not removed, and it is specified in the contract, the Supplier may be charged a penalty for delay. If the rejected goods are not removed after a reasonable period, the public body may apply to a Court for authority to sell the rejected goods.
- 8.10.3 The Inspections and Receiving Committee will follow similar procedures to examine equipment that is delivered to a site and already installed by the Supplier.

8.11 ISSUES TO THE USER DEPARTMENT BY STORES

8.11.1 The Stores Department is responsible for maintenance of records of all goods and movable assets held under the custody of individuals, Units, Departments and Entities. Assets will be taken on charge in the records of the concerned Stores and subject to regular review and audit.

8.11.2 The Storekeeper will:

8.11.2.1 Issue or release items to the User Department which initiated the procurement using a Stores issue Voucher for the dispensation of goods from the Stores.

8.11.2.2 Record the issue from the Stores Ledger and the receipt in the Custody Ledger for the individual, Unit, Department or Program of the public body.

8.12 PAYMENT FOR GOODS

8.12.1 For simple payments against invoices, the Procurement Unit will:

8.12.1.1 Complete a Payment Voucher ensuring the deduction of any advance payments already made and any contractual penalties incurred by the Supplier.

8.12.1.2 Attach the:

8.12.1.3 original invoice from the Supplier;

8.12.1.4 the shipping documents or airway bill, or a delivery note;

8.12.1.5 original of the Inspection Report;

8.12.1.6 original Goods Receipt Note;

8.12.1.7 results of any laboratory analysis;

8.12.1.8 calculation of any penalties for rejected goods not removed by the Supplier and liquidated damages if allowable under the contract;

8.12.1.9 copies of relevant information from the contract document, records of approval and financial authorizations.

8.12.1.10 Record the payment in the Contract Register.

8.12.1.11 Forward the Payment Voucher to the Accounts Department for processing.

8.12.1.12 On expiry of any guarantee period release the retention balance to the Supplier.

8.12.2 A withholding tax of 2% shall be deducted from payments to be made if the amount exceeds Birr 10,000 for goods and Birr 500 for services including consultancy.

8.13 PAYMENTS BY LETTER OF CREDIT

8.13.1 Payments by Letter of Credit (LC) will depend on the contract agreement between the Supplier and the public body for the terms and wording of the LC. The Procurement Unit will provide to the Accounts Department all supporting information and documents as required.

8.13.2 A letter of credit is a document typically issued by a bank or financial institution, which authorizes the recipient of the letter (the "customer" of the bank) to draw amounts of money up to a specified total, consistent with any terms and conditions set forth in the letter. This usually occurs where the bank's customer seeks to assure a seller (the "beneficiary") that it will receive payment for any goods it sells to the customer.

For example, the bank might extend the letter of credit conditioned upon the beneficiary's providing documentation that the goods purchased with the line of credit have been shipped to the customer. The customer may use the letter of credit to assure the beneficiary that, if it satisfies the conditions set forth in the letter, it will be paid for any goods it sells and ships to the customer.

In simple terms, a letter of credit could be said to document a bank customer's line of credit, and any terms associated with its use of that line of credit. Letters of credit are most commonly used in association with long-distance and international commercial transactions.

8.13.2.1 Step-by-step process:

- Buyer and seller agree to conduct business. The seller wants a letter of credit to guarantee payment.
- Buyer applies to his bank for a letter of credit in favor of the seller.
- Buyer's bank approves the credit risk of the buyer, issues and forwards the credit to its correspondent bank (advising or confirming). The correspondent bank is usually located in the same geographical location as the seller (beneficiary).
- Advising bank will authenticate the credit and forward the original credit to the seller (beneficiary).
- Seller (beneficiary) ships the goods, then verifies and develops the documentary requirements to support the letter of credit. Documentary requirements may vary greatly depending on the perceived risk involved in dealing with a particular company.
- Seller presents the required documents to the advising or confirming bank to be processed for payment.
- Advising or confirming bank examines the documents for compliance with the terms and conditions of the letter of credit.

- If the documents are correct, the advising or confirming bank will claim the funds by:
 - Debiting the account of the issuing bank.
 - Waiting until the issuing bank remits, after receiving the documents.
 - Reimburse on another bank as required in the credit.
- Advising or confirming bank will forward the documents to the issuing bank.
- Issuing bank will examine the documents for compliance. If they are in order, the issuing bank will debit the buyer's account.
- Issuing bank then forwards the documents to the buyer.

8.14 CONTRACT SUPERVISION AND ADMINISTRATION - WORKS

8.14.1 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 also means that daily control and supervision of the contract is not practical for the public body. Entities must therefore ensure that they are kept informed of progress and problems which arise through routine reports.

8.14.2 In the same vein, no public body may hire the services of works contractors that do not possess certification from the Ministry of Works and Urban Development.

8.15 CONTRACT SUPERVISION

8.15.1 Day to day supervision of a works contract is carried out by the Supervising Engineer or Project Manager who acts for the public body to supervise and administer the contract. For large contracts this may involve a team of engineers, inspectors, quantity surveyors etc.

8.15.1.1 The Supervising Engineer/Project Manager usually acts at the first level in settlement of disputes and he should ensure that the public body and the Ministry of Works and Urban Development, are informed of any disputes and their resolution. Any serious disputes which may require an amendment or addendum to the original contract must be reported immediately to the public body and the Ministry of Works and Urban Development,

8.15.1.2 Claims by Contractors for additional work or costs which are not covered under the terms of the existing contract and total contract value, must be referred to the Procurement Unit.

8.15.1.3 Claims 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 Procurement Unit.

8.16 PAYMENT FOR WORKS

8.16.1 Payment for works contracts will normally be made against Payment Certificates approved by the supervising engineer and Completion Reports of the Inspection and Acceptance Committee.

8.16.2 For all works contracts, materials delivered to the site but not yet used will be excluded from the measurement approved and the value of Payment Certificates.

8.16.3 Supervision and approval of the takeover of buildings and construction works is the responsibility of the Ministry of Works and Urban Development whose issuance of a Certificate of Completion is required before payments due to the Contractor may be made by the public body.

8.16.4 The Supervising Engineer will ensure that:

8.16.4.1 the Ministry of Works and Urban Development is represented on the Inspection and Acceptance Committee for final takeover of the Works and that the MOW representative signs the Certificate of Completion;

8.16.4.2 any required retention specified under the contract is deducted from the value of the Certificate before payment;

8.16.4.3 agreed deductions in respect of the repayment schedule for any advance payment are deducted from the value of the Certificate before payment;

8.16.4.4 on issue of an interim takeover certificate by the Inspection and Acceptance Committee, part of any retention monies held may be paid to the contractor if specified in the contract;

8.16.4.5 on issue of a final takeover certificate by the Inspection and Acceptance Committee issues, the balance of any retention monies is paid to the contractor.

8.17 ACTION BY THE SUPERVISING TECHNICAL DEPARTMENT:

The Ministry of Works and Urban Development has a responsibility of supervising the quality, time and cost of construction works. The public body can seek and obtain technical assistance while procuring construction services. The ministry has the following responsibilities:

8.17.1 Complete a Payment Voucher ensuring the deduction of repayments for any advance payment, retention sums and penalties incurred by the Contractor.

- 8.17.2 Attach:
 - 8.17.2.1 the Payment Certificate;
 - 8.17.2.2 the report of the Inspection and Acceptance Committee for interim or final takeover (if appropriate);
 - 8.17.2.3 calculations of any retentions, liquidated damages or other penalties applicable under the contract;
 - 8.17.2.4 copies of relevant information from the contract document, records of approval and financial authorizations.
 - 8.17.2.5 Forward the Payment Voucher and supporting documents to the Procurement Unit.

8.18 ACTION BY THE PROCUREMENT UNIT:

- 8.18.1 Record the payment in the Contracts Register.
- 8.18.2 Forward the Payment Voucher and supporting documents to the Accounts Department for payment processing.

8.19 CONTRACT SUPERVISION AND ADMINISTRATION—SERVICES

- 8.19.1 Contract supervision and administration for simple routine services such as office cleaning, provision of transport or contract maintenance, will be undertaken by the User Department and the Procurement Unit as appropriate.
- 8.19.2 For consultancy services, the contract will usually nominate a Project Manager to coordinate supervision and administration.
- 8.19.3 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.
- 8.19.4 The Procurement Unit (or Project Manager) will:
 - 8.19.4.1 Monitor the activity and performance in accordance with the contract to ensure that levels of service are maintained and that deliverables are submitted or completed on time. For consultancy services, the contract may specify key reports to be submitted, or timesheets and routine reports to be submitted on a monthly or quarterly basis.
 - 8.19.4.2 Ensure that all contractual obligations of the public body are performed promptly and efficiently.
 - 8.19.4.3 Ensure that all deliverables (and especially reports) are reviewed immediately and responded to in writing where necessary.

- 8.19.4.4 Contact the service provider to identify the causes of any failings in performance or failure to meet targets.
- 8.19.4.5 Issue a formal letter to the service provider detailing the complaint if the explanation given is unsatisfactory or if performance is not improved within a reasonable period of time.
- 8.19.4.6 Report to the Procurement Unit any continued breach by the service provider of his contractual obligations.

8.20 PAYMENT FOR SERVICES

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

8.21 ACTION BY THE PROCUREMENT UNIT (OR PROJECT MANAGER):

- 8.21.1 Complete the Payment Voucher ensuring the deduction of repayments for any advance payment, retentions or penalties specified in the contract.
- 8.21.2 Attach:
 - 8.21.2.1 the invoice;
 - 8.21.2.2 calculations of any retentions, liquidated damages or other penalties applicable under the contract;
 - 8.21.2.3 copies of relevant information from the contract document, records of approval and financial authorizations.
 - 8.21.2.4 Forward the Payment Voucher and supporting documents to the Procurement Unit.

8.22 ACTION BY THE PROCUREMENT UNIT:

- 8.22.1 Record the payment in the Contracts Register.
- 8.22.2 Forward the Payment Voucher and supporting documents to the Accounts Department for payment processing.

8.23 PROMPT PAYMENTS

- 8.23.1 The public body has a responsibility to make payments promptly in accordance with the contract. Payment delays not only create a bad impression of the public body and of Government, but are also ultimately passed on to Government in higher prices as suppliers build in the cost of payment delays in their prices.
- 8.23.2 The periods in which payments have to be made, and the penalties for delayed payment will be those specified in the signed contract.
- 8.23.3 The Procurement Unit or Project Manager must ensure that:
 - 8.23.3.1 the payment terms and penalties specified in the contract are known to all managers and staff involved in the processing of payments;
 - 8.23.3.2 all invoices and certificates which are not in dispute are paid within the agreed payment period.

8.24 CONTRACT PERFORMANCE—MONITORING OBLIGATIONS

- 8.24.1 The Consultant, Supplier or Contractor's performance against the contract must be monitored on a routine basis.
- 8.24.2 The Procurement Unit or Project Manager will:
 - 8.24.2.1 notify the Supplier or Contractor immediately in writing of any failings in performance and seek an agreed solution;
 - 8.24.2.2 In the case of a consultant this takes the form of comments on consultancy reports
 - 8.24.2.3 update the contract file and Contract Register regularly to reflect the monitoring of performance;
 - 8.24.2.4 ensure that the head of the public body is informed of any serious failings in performance.

8.25 MONITORING AND PERFORMING THE PUBLIC BODY'S OBLIGATIONS

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

8.25.1.1 Payment of stage payments within the contracted time limits;

8.25.1.2 Assistance with import licenses etc;

8.25.1.3 Approval of drawings or reports within the set time periods;

8.25.1.4 Provision of storage or working facilities and access permits;

8.25.1.5 Conditions relating to the supplier's provision of staff services (e.g. letters of invitation for visas, provision of office space, etc.);

8.25.1.6 Ensure that all such obligations of the public body are planned and performed without undue delay.

8.26 DELAYS IN PERFORMANCE

8.26.1 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:

8.26.1.1 In accordance with the contract conditions, the Supplier, Contractor, or its subcontractor, must notify the public body in writing of the conditions delaying performance, including full details of the delay, the likely duration and the cause(s).

8.26.1.2 The public body will immediately assess the situation, and may at its discretion extend the Supplier or Contractor's time for performance, with or without liquidated damages as specified in the Contract.

8.26.1.3 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 Procurement Unit.

8.26.2 A delay by the Supplier or Contractor in the performance of his obligations may render him liable to liquidated damages if specified in the contract document, except where:

8.26.2.1 the delay is as a result of Force Majeure;

8.26.2.2 there is no provision for liquidated damages in the contract;

8.26.2.3 an extension of time is agreed between the two parties without the application of liquidated damages.

- 8.26.3 The Procurement Unit or Project Manager will:
- 8.26.3.1 Refer to the relevant clauses in the General or Special Conditions of Contract for the procedure to be followed to apply, calculate and claim liquidated damages.
 - 8.26.3.2 Update the Procurement Dossier and Contract Register to reflect any delays in the supplier's performance.
 - 8.26.3.3 Notify the end-user department immediately of all such delays.

8.27 RESOLUTION OF DISPUTES

- 8.27.1 Most minor disputes may be resolved by sensible discussion and agreement between the responsible officer and the Supplier or Contractor to rectify the cause of complaint.
- 8.27.2 Any formal written complaints received from a Supplier or Contractor should be fully investigated and referred to the head of the public body to authorize correspondence or formal negotiations with the Supplier or Contractor.
- 8.27.3 Action:
- 8.27.3.1 Examine the Contract carefully to be aware of all contract conditions relating to the resolution of Disputes.
 - 8.27.3.2 Determine if the public body is at fault or partly at fault, and if so, take appropriate action to rectify the problem.
 - 8.27.3.3 Invite the Supplier or Contractor to a formal meeting, to discuss the issues and try to agree a compromise acceptable to both parties. Ensure that accurate written Minutes are kept of any such meeting. If an agreement is reached which changes any of the conditions of the Contract, approval of the head of the public body is required before the agreement can be implemented.
 - 8.27.3.4 Only those public bodies which are allowed by law to proceed to arbitration can do so by specifying in the contract. All other public bodies are allowed to use conciliation as it may be specified in the contract otherwise the parties may seek redress through the courts if no initial agreement is reached and negotiation by the head of the public body or his/delegate fails.
- 8.27.4 On contracts funded by a donor, ensure that the donor is kept informed of disputes and seek advice, and a formal "no objection" where required, before any contract addendum is signed.

8.28 TERMINATION OF THE CONTRACT

- 8.28.1 The parties to the contract normally have the right to terminate the contract, but to protect the public body; advice of the PPA may be sought if the public body is considering such action. For donor funded procurements, donor “no objection” must be sought before any action to terminate a contract is initiated.
- 8.28.2 Contracts should not normally be terminated without examining all possible alternatives, unless the termination is agreed by all parties to the contract.
- 8.28.3 Examine the Contract carefully to be aware of all contract conditions and penalties relating to the Termination of Contract.

8.29 CONTRACT AMENDMENT

- 8.29.1 Contract amendment may become necessary as a result of the application of price variations specified in the contract, the resolution of disputes, additional or reduced requirements by the public body, agreements to extend the time schedule, or from accepted increases or decreases in prices. The contract may allow the public body to modify contract values by a pre-determined percentage when this is in the public interest and essential for the work of the public body.
- 8.29.2 All other amendments to costs, quantities, time periods, and other terms and conditions of the contract must be approved by the head of the public body and confirmed in a formal contract amendment or addendum.
- 8.29.3 The Procurement Unit/Project Manager will:
 - 8.29.3.1 identify and agree with 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;
 - 8.29.3.2 prepare a draft contract amendment document for approval by the Procurement unit together with a report justifying the reasons for the amendment.
- 8.29.4 Following approval by the head of public body:
 - 8.29.4.1 record any change in contract value in the Commitment Register and in the Contract Register;
 - 8.29.4.2 record any other contractual changes in the Contract Register;
 - 8.29.4.3 obtain from the supplier/contractor any necessary addition to the performance security;
 - 8.29.4.4 arrange for signature of the contract amendment in four copies;
 - 8.29.4.5 distribute copies in the same way as the original contract.

1 APPENDIX 1: SCHEDULE OF TIMES AND VALUES CURRENTLY IN FORCE IN THE PROCLAMATION OR DIRECTIVE

Directive	Time or Value								
6.5	<p>Mandatory publication of bid advertisement on the PPA's website</p> <table border="0"> <tr> <td>1. For works</td> <td>10,000,000.00 ETB</td> </tr> <tr> <td>2. For Goods</td> <td>3,000,000.00 ETB</td> </tr> <tr> <td>3. For consultancy</td> <td>2,000,000.00 ETB</td> </tr> <tr> <td>4. For non-consultancy</td> <td>1,000,000.00 ETB</td> </tr> </table>	1. For works	10,000,000.00 ETB	2. For Goods	3,000,000.00 ETB	3. For consultancy	2,000,000.00 ETB	4. For non-consultancy	1,000,000.00 ETB
1. For works	10,000,000.00 ETB								
2. For Goods	3,000,000.00 ETB								
3. For consultancy	2,000,000.00 ETB								
4. For non-consultancy	1,000,000.00 ETB								
6.6	<p>Mandatory Publication of Notification of Award</p> <p>In respect of procurements the value of which corresponds to or is greater than that specified in sub article 6.5 of the Directive, public body shall disclose the information to the public by filling it in the form provided for this purpose and posting it on the PPA's website within 5 days of signing the contract after award</p>								
7.3	<p>Procurement Endorsing Committee</p> <p>Procurement Endorsing Committee shall consider and approve Bid evaluation reports of procurements the value of which exceeds the threshold specified below for each type of procurement</p> <table border="0"> <tr> <td>1. For works</td> <td>250,000.00 ETB</td> </tr> <tr> <td>2. For goods</td> <td>100,000.00 ETB</td> </tr> <tr> <td>3. For consultancy</td> <td>60,000.00 ETB</td> </tr> <tr> <td>4. For non-consultancy</td> <td>75,000.00 ETB</td> </tr> </table>	1. For works	250,000.00 ETB	2. For goods	100,000.00 ETB	3. For consultancy	60,000.00 ETB	4. For non-consultancy	75,000.00 ETB
1. For works	250,000.00 ETB								
2. For goods	100,000.00 ETB								
3. For consultancy	60,000.00 ETB								
4. For non-consultancy	75,000.00 ETB								
14	<p>Publication of the Annual procurement Plan by the PPA</p> <table border="0"> <tr> <td>1. For works</td> <td>10,000,000.00 ETB</td> </tr> <tr> <td>2. For Goods</td> <td>3,000,000.00 ETB</td> </tr> <tr> <td>3. For consultancy</td> <td>2,000,000.00 ETB</td> </tr> <tr> <td>4. For non-consultancy</td> <td>1,000,000.00 ETB</td> </tr> </table>	1. For works	10,000,000.00 ETB	2. For Goods	3,000,000.00 ETB	3. For consultancy	2,000,000.00 ETB	4. For non-consultancy	1,000,000.00 ETB
1. For works	10,000,000.00 ETB								
2. For Goods	3,000,000.00 ETB								
3. For consultancy	2,000,000.00 ETB								
4. For non-consultancy	1,000,000.00 ETB								

Directive	Time or Value
16.1	<p>Conditions for use of National Competitive Bidding</p> <p>Public bodies have to ascertain that the following conditions are satisfied when using national competitive bidding:-</p> <p>Ascertain that the required objects of procurement can only be procured from local suppliers and the value of the procurement is below the threshold established for international competitive bidding in article 17.2 of the Directive, or</p> <p>The required object of procurement is available only locally notwithstanding that the cost of the procurement exceeds the threshold established in article 17.2 of the Directive.</p>
16.4.2	<p>Instruction to Bidders - <u>VAT registration certificate</u></p> <p>Domestic bidders submitting bids for a contract value of birr 100,000.00 and above must present value added tax registration certificate and foreign bidders must as appropriate submit business organization registration certificate or trade license issued by the country of establishment.</p>
16.12	<p>Clarification of Bidding Documents</p> <p>The public body shall not be obliged to respond to a request for clarification or modification submitted:</p> <ol style="list-style-type: none"> 1. Later than 10 days prior to the deadline for submission of bids, in respect of national competitive bidding for complex procurements the minimum floating period of which is 30 days as stated in this Directive; 2. Later than 21 days prior to the deadline for submission of bids in respect of international competitive bidding; 3. Later than 5 days prior to the deadline for non complex procurements the minimum floating period of which is 15 days.
16.15.3	<p>Validity period of Bid</p> <p>The validity period of bid shall not extend beyond 60 days from the day of bid opening, unless the public body believes that a bid document requires longer preparation period in light of the point of considerations stated in the Directive article 16.15.2</p>
16.16.2	<p>Bid Security</p> <p>The amount of bid security a public body may require shall be in the range of 0.5% to 2% of the total estimated contract price, which the public body has to fix and indicate in the invitation to bid and the bidding document. However, the bid security to be fixed by the public body shall not exceed 500,000.00 (five hundred thousand) Birr.</p>
16.16.6	<p>Validity period of Bid Security</p> <p>The validity period of bid security provided by bidders should extend for at least 28 days after the expiration of bid price validity.</p>

Directive	Time or Value								
16.25.2	<p>Performance Security</p> <p>For every contract, except for procurements executed by means of request for quotation or procurement of rental services, the successful bidder has to provide performance security within 15 days from signing a contract in the amount of at least 10% of the total contract price, in the mode and manner prescribed in article 16.16.4 of the Directive.</p>								
16.27.4	<p>Liquidated Damages</p> <ol style="list-style-type: none"> 1. The liability of the supplier for delay in performing his/its obligation under the contract shall be as follows:- 2. He/it shall pay a penalty of 0.1% or 1/1000 of the value of undelivered item for each day of delay, 3. The cumulative penalty to be paid by the supplier shall not exceed 10% of the contract price. 								
16.27.6	<p>Signing a Contract by Supplier</p> <p>Unless an exceptional situation arises, the successful bidder has to sign a contract with the public body within 15 days of notification of award.</p>								
16.27.7	<p>Signing a Contract by Public Body</p> <p>The public body shall not sign a contract before 7 working days from the date bidders are notified of the result of their bid or of any complaint against the bid proceeding.</p>								
17.2	<p>Conditions for use of International Competitive Bidding</p> <p>Procurement may be made by means of International Competitive bidding if the value of the contract exceeds the following:</p> <table border="0" style="width: 100%;"> <tr> <td style="width: 80%;">1. For works</td> <td style="text-align: right;">50,000,000.00 ETB</td> </tr> <tr> <td>2. For Goods</td> <td style="text-align: right;">10,000,000.00 ETB</td> </tr> <tr> <td>3. For consultancy</td> <td style="text-align: right;">2,500,000.00 ETB</td> </tr> <tr> <td>4. For non-consultancy</td> <td style="text-align: right;">7,000,000.00 ETB</td> </tr> </table>	1. For works	50,000,000.00 ETB	2. For Goods	10,000,000.00 ETB	3. For consultancy	2,500,000.00 ETB	4. For non-consultancy	7,000,000.00 ETB
1. For works	50,000,000.00 ETB								
2. For Goods	10,000,000.00 ETB								
3. For consultancy	2,500,000.00 ETB								
4. For non-consultancy	7,000,000.00 ETB								
21.14	<p>Selection Based on the Consultants' Qualifications (CQS)</p> <p>This method may be used for small assignments for which the cost and time required for preparing and evaluating competitive proposals is not justified. This method may only be used where the value of the consultancy services doesn't exceed <u>50,000 ETB</u>.</p>								

Directive	Time or Value								
<p>22.1</p>	<p>Procurement By Request for Proposals Where the estimated value of the consultancy services to be procured by means of request for proposals exceeds 300,000 ETB the candidates shall be selected by advertising a request for expressions of interest through a newspaper and, if possible, through the website of the public body.</p>								
<p>23.3</p>	<p>Conditions for use of Restricted Bidding The total contract value of a procurement made by restricted bidding in accordance with article 49.2 of the Proclamation shall not exceed the following</p> <table border="0"> <tr> <td>1. For works</td> <td>2,000,000.00 ETB</td> </tr> <tr> <td>2. For Goods</td> <td>500,000.00 ETB</td> </tr> <tr> <td>3. For consultancy</td> <td>300,000.00 ETB</td> </tr> <tr> <td>4. For non-consultancy</td> <td>400,000.00 ETB</td> </tr> </table>	1. For works	2,000,000.00 ETB	2. For Goods	500,000.00 ETB	3. For consultancy	300,000.00 ETB	4. For non-consultancy	400,000.00 ETB
1. For works	2,000,000.00 ETB								
2. For Goods	500,000.00 ETB								
3. For consultancy	300,000.00 ETB								
4. For non-consultancy	400,000.00 ETB								
<p>24.2</p>	<p>Conditions for use of Request for Quotation A public body may carryout procurement by means of request for quotation with the authorization of the head of the public body or his representative without having to obtain the approval of the procurement endorsing committee if the value of such procurement falls within the threshold set forth below for each type of procurement</p> <table border="0"> <tr> <td>1. For works</td> <td>250,000.00 ETB</td> </tr> <tr> <td>2. For goods</td> <td>100,000.00 ETB</td> </tr> <tr> <td>3. For consultancy</td> <td>60,000.00 ETB</td> </tr> <tr> <td>4. For non-consultancy</td> <td>75,000.00 ETB</td> </tr> </table>	1. For works	250,000.00 ETB	2. For goods	100,000.00 ETB	3. For consultancy	60,000.00 ETB	4. For non-consultancy	75,000.00 ETB
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2. For goods	100,000.00 ETB								
3. For consultancy	60,000.00 ETB								
4. For non-consultancy	75,000.00 ETB								
<p>25.7</p>	<p>Conditions for use of Direct/Single Source Procurement</p> <ol style="list-style-type: none"> Public bodies may carry out directly from any supplier, procurement of goods or services not included in their procurement plan, or goods or services necessary to solve problems encountered during travel the value of which doesn't exceed birr 1500 (one thousand five hundred birr) however, the total value of such small procurements within a fiscal year shall not exceed birr 30,000.00 (thirty thousand birr) Diplomatic missions of the Ethiopian Government may carry out procurements of emergency requirements not included in their procurement plan and the value of which does not exceed USD \$300 (three hundred USD) in a single purchase order. However, the total value of such small procurements within a fiscal year shall not exceed USD \$6,000.00 (six thousand USD). 								

Directive	Time or Value
28.5	<p>Payment for contractors in the performance of works</p> <ol style="list-style-type: none"> 1. For all construction works, in addition to what is stipulated under article 16.26 (9) of the Directive, 5% shall be retained from payment indicated in each payment certificate. 2. 50% of the amount retained pursuant to (1) above, shall be released up on completion of the works and issuance of provisional acceptance certificate. The remaining 50% shall continue to be retained for one year period of warranty. However, such sum may be released on condition that the suppliers submits unconditional guarantee valid for 12 month. 3. The consulting engineer shall complete verification of the payment certificate prepared and submitted by the contractor within 7 days of its receipt. 4. The public body shall effect the payment within 14 working days of receipt of the payment certificate verified by the consulting engineer
41. (b)	<p>Dismissal of complaint by the Board</p> <p>The Board shall dismiss a complaint submitted to it later than 5 working days from the date in which the public body has responded to the complaint or a complaint which was not first submitted to the head of the public body</p>
44, 45.1 (b) 45.2 (c) 47 (a)	<p>Matters in respect of which complaint may not be lodged</p> <ol style="list-style-type: none"> 1. Complaint may not be lodged if it is not presented to the head of a public body within 5 working days from the date on which the public body disclosed the result of a bid evaluation or candidate knew or should have known the circumstances giving rise to complaint. 2. Complaint may not be lodged if it is not presented to the Board within 5 working days from the date on which decision on complaint has been or should have been communicated by the public body. 3. No complaint shall be accepted after a contract was signed, provided that such contract was signed after 7 working days from the result of the bid evaluation being disclosed as provided in sub-article 46.3 of the Proclamation and article 45.1 (a) of the Directive.
45.1 (a) 45.1 (c)	<p>Procedure for review of complaints by Public Body</p> <p>The public body conducting bid proceedings shall wait for 7 working days after disclosing the result of the bid evaluation or after responding to a complaint, to give bidders time to present complaint, if any, against the conduct of the bid proceeding or against the decision of the public body on such complaint.</p> <p>Unless the complaint is resolved by mutual agreement of the candidate or bidder that submitted it and the public body conducting the procurement, the head of the public body shall give decision on the complaint in writing within 10 working days from the date of submission of the complaint pursuant to article 74.3 of the Proclamation.</p>

Directive	Time or Value
45.1 (d)	The Public Body shall give to the complainant a copy of the decision within 5 working days from the date in which the decision was made.
45.2 (b)	The public body shall indicate in the letter in which it discloses the result of the technical evaluation to each bidder that any bidder claiming that the technical evaluation has not been conducted in conformity with the Proclamation, Directive or the Bidding Document has the right to present his complaint to the head of the public body with in 5working days of being notified of the result.
47. (d)	<p>Procedure for presentation to and review of complaints by the Board</p> <p>The Public Body against which the complaint is lodged has to send the documents it is required to send to the secretariat of the board in connection with the complaint within 5 working days from the date of notification.</p>
47. (f)	The Board shall give its decision in writing to the complainant and the public body within 15 working days of receipt of the Public Body's statement of response

2 APPENDIX 2: COMMUNICATIONS AND RECORDS MANAGEMENT

2.1 CORRESPONDENCE/COMMUNICATIONS

Correspondence and communications are essential to the management of relationships with suppliers and other bodies but communications issued by a public body may commit the public body or bind it to a course of action with legal, contractual or financial implications. Therefore, all procurement correspondence and communications issued by a public body shall be made by persons authorised in accordance with their duties and responsibilities.

2.2 DOCUMENTATION/RECORDS MANAGEMENT

2.2.1 Documentary Records

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 officers shall ensure they obtain, retain and maintain appropriate documentation supporting the activities for which they are responsible.

Senior officers involved in approval or authorisation shall ensure that any transactions they approve or authorise are backed by appropriate supporting documentation.

2.2.2 Filing/Record Management System

Public bodies have a general responsibility for maintaining Procurement Records and Contracts Registers, but each public body must ensure that complete documentation is maintained in respect of all procurement activities and for contracts and agreements entered into.

Responsibility for the official maintenance of record files, authority to access files and coordination of management and follow-up actions must be clearly defined in each public body to avoid:

- partial and incomplete records being held by several different departments and individuals;
- unauthorized access to records; or
- failure to take any necessary action at the right time.

2.2.3 Public body records management

All documents regarding a particular procurement case shall be kept for future reference and monitoring and control purposes for a period of ten (10) years. The recommended filing structure for a procurement dossier is divided into four main categories with relevant sub-categories to include the following documentation:

Folder 1: CORRESPONDENCE:

- Original Request from Originating Officer
- Correspondence with Originating Officer
- Correspondence with Suppliers/(post-order only)
- Internal Correspondence within public body

Folder 2: BIDDING PROCESS

- Request for Expressions of Interest
- Shortlist or Advertisement
- Bidding documents and Specifications/Terms of Reference
- Correspondence with suppliers relating to Bidding (pre-order)
- Bids, Quotations or Pro-forma invoices received
- Bid opening records
- Record of Bid Securities
- Evaluation Report
- Submission to Procurement Endorsing Committee & relevant Minutes of decisions

Folder 3: ORDER & DELIVERY

- Notice of Contract Award and publication
- Contract/Purchase Order & Acknowledgement of receipt
- Delivery Documentation
- Inspection and Acceptance Reports

- After sales warranty and performance claims

Folder 4: FINANCE

- Copy of Record of Commitment of Funds
- Copy Invoices or Certificates
- Copy Payment Vouchers
- Record of Retentions and release
- Performance Security and release.

2.3 SUGGESTED PROCUREMENT NUMBERING SYSTEM

2.3.1 Purpose:

The purpose of the Procurement Numbering system introduced by this Manual is to ensure each requirement is given a unique identification to assist in the tracking, monitoring and audit of procurement, and in the tracing and maintenance of records and files. The Procurement Number is assigned at the requisition stage and will form the basis for document filing and management information systems.

Procurement Numbers are issued from a register maintained by a Stores Department, or the Head of the User Department, Program or Project as appropriate. Numbers must not be re-used, even if the original procurement is cancelled.

2.3.2 Suggested Structure of the Procurement Number

The Basic Procurement Number Consists of Four Parts as Follows:

- The Public body—Up to five letters being the commonly used abbreviation which identifies the public body. (e.g. “MOFED” for the Ministry of Finance and Economic Development)
- The Department or Project—Up to five letters used to identify the Department or Project (e.g. “Admin” for the Administration Department) within the public body.
- The Financial Year (e.g. 2011).
- A Four-Digit Sequence Number—the sequence number allocated by the Department or Project within the Financial Year (e.g. from 001 to 999).

Example:

A simple example is “MOFED/ADMIN/2011/019” representing the 19th requisition raised in the year 2011 by the Administration Department of the Ministry of Finance and Economic Development.

2.3.3 Multiple Bids/RFQs or Multiple Contracts arising from a single Requisition

When a single requisition results in multiple bids or requests for quotations (RFQ), and/or a bid or RFQ results in multiple contracts, further numbers are added to identify the individual Bid/RFQ and Contract.

Example:

“MOFED/ADMIN/2011/019/1/3” would identify the third contract arising from the first (or only) bidding process or RFQ resulting from the original requisition.

2.3.4 Use of Procurement Numbers

The procurement number must appear on all correspondence and documents related to the procurement.

3 APPENDIX 3: PROCUREMENT PLANNING AND BUDGETING

3.1 PROCUREMENT PLANNING

Adequate procurement planning and priority of needs by each public body is an essential prerequisite to effective purchasing for the following reasons:

Funding for procurement is unlikely to be sufficient to meet all requirements, and scarce financial resources must be channelled to ensure that the priority public service aims of a public body are adequately met before spending on less essential procurements.

Effective planning allows requirements to be aggregated into larger purchases at lower unit costs, rather than frequent sourcing of quotations for identical items and issuing many individual Local Purchase Orders.

Procurement of Common User items may also be aggregated for more than one public body into Framework (Call-off) Contracts to permit further economies of bulk purchasing, saving of time wasted by separate procurements, and a reduction of the need to maintain high stock levels.

Publication of realistic annual procurement plans allows the private sector to respond more effectively to the requirements and specifications of Government, through investment in staff and equipment, manufacture and importing of goods, and financial planning.

Structured development of procurement plans is an essential part of the annual budget preparation process and provides an essential checklist for recommendation of procurements by public body and monitoring of procurement activity by the Public Procurement and Property Administration Agency.

3.2 THE BUDGET PREPARATION PROCESS

Annual budgets are prepared each year in accordance with the procedures specified by the Budget Department of the Ministry of Finance and Economic Development. Detailed templates and instructions for the preparation of Annual Procurement Plans are contained in this Manual.

The head of the public body has responsibility for co-ordinating the preparation of the budget for the public body, including procurement plans based on previous consumption and estimated requirements for stores replenishment, and the submissions of Departments, Units and Projects.

Preparation of the Annual Procurement Plan should be commenced at least three months before the start of the Financial Year to allow sufficient time for a realistic and accurately cost estimated plan to be compiled.

3.3 PROCUREMENT ENDORSING COMMITTEE ACTIONS

The Procurement Endorsing Committee has overall responsibility for examination of the Annual Procurement Plan. The head of public body has overall responsibility for approval of the Annual Procurement Plan.

Action:

- Instruct the Procurement Unit to commence development of the Annual Procurement Plan in accordance with the instructions issued by the Public Procurement and Property Administration Agency and the Budget Department.
- Receive and approve the draft annual procurement plan and costings from the Procurement Unit, and forward to the head of public body for inclusion in the Annual Budget.
- If insufficient budget funding is available, either on the advice of the head of public body before submission to the Budget Department and/or following notification of the approved Annual Budget, instruct the Procurement Unit to trim the Procurement Plan according to service priorities.
- Receive and approve the final Annual Procurement Plan and forward a copy to the Public Procurement and Property Administration Agency.

3.4 PROCUREMENT UNIT ACTIONS

Procurement unit has responsibility to identify the procurement needs by compiling the Annual Procurement Plan from the individual departments, units, projects and programs of the public body and to prepare the procurement plan of the public body in accordance with article 8.1 of the Directive.

Procurements for donor-funded projects and programs should also be included but identified in a separate section of the Annual Procurement Plan.

Action:

- The Procurement Unit and the Budget Department, commence the preparation process for the Annual Procurement Plan at least three months before the start of the next Financial Year.
- Issue detailed instructions to subsidiary Committees, the Heads of departments, units, projects and programs on the format and content of submissions for the Procurement Plan. The instructions should clearly indicate that items omitted from the submissions may not be purchased in the Financial Year without adjustment to the quantities of other items under the same detailed Vote Sub-Head, or the formal issue of a supplementary budget.
- Receive submissions, check quantities and costing, obtain clarifications and other responses to any queries, analyze and compile all submissions into a comprehensive procurement plan.
- Submit the draft Annual Procurement Plan to the Procurement Endorsing Committee.
- In response to the advice of the Procurement Endorsing Committee, and in full consultation with the subsidiary Committees, Heads of departments, units, projects and programs, trim the Procurement Plan according to service priorities.
- Compile the final Annual Procurement Plan and submit to the Procurement Endorsing Committee.

- Notify individual subsidiary Committees, Heads of departments, units, projects and programs of their approved procurement plans and annual procurement budgets.

3.5 STORES DEPARTMENTS ACTIONS

Stores Departments are required to prepare the estimated requirement, cost and delivery scheduling of each stock item held in addition to departmental operational purchases. The planned quantities to be procured must be in accord with existing stock levels, and annual usage patterns.

Note that purchases of Stores Departments that are entirely funded by a revolving fund are not included in the Annual Budget. However, proposed procurements, quantities and prices are still required to be submitted to the Procurement Unit for price and quantitative information.

Action:

- Analyze the stores ledger and extract stock descriptions, annual issues and seasonal usage patterns, current stock levels, average purchase quantities, anticipated requirements for the next Financial Year and costing.
- Submit detailed schedules of the annual requirement for stock items, the costs analyzed between detailed Vote Codes, and supporting information to the Procurement Unit in accordance with the instructions received.
- For operational requirements other than stock items, also submit a Procurement Plan in accordance with Para below.
- Respond to any queries raised by the Procurement Unit.
- Receive notification of the final approved Annual Procurement Plan and budget and use this as an essential guideline for all procurement processes to be undertaken in the new Financial Year.

3.6 DUTIES OF HEADS OF PUBLIC BODIES, UNITS, AND PROJECTS

Heads of public bodies, departments, units, projects and programs are required to ensure the analysis and preparation of Annual Procurement Plans for their own and subordinate areas of control. Procurements for donor-funded projects and programs should also be included but identified in a separate section of the Procurement Plan.

Action:

- All planned procurements of goods, works and services for the next Financial Year must be identified and scheduled in the Annual Procurement Plan. Care should be taken to avoid double-counting of requirements where there are overlapping responsibilities in functional and line relationships, and for items normally supplied through the Stores Department.

- For procurements funded through the Government budget, submit the Annual Procurement Plan to the Procurement Unit, identifying all proposed procurements for the new Financial Year by quantity, cost and the full Vote Code.
- For direct donor-funded procurements, identify and cost all proposed procurements for the next Financial Year. Add these as a separate item in the Annual Procurement Plan identifying the donor, the project or program and the Loan or Credit Number.
- Respond to any queries raised by the Procurement Unit.
- Receive notification of the final approved Annual Procurement Plan and budget and use this as an essential guideline for all procurement processes undertaken in the new Financial Year.

4 APPENDIX 4: SAMPLE PROJECT PROCUREMENT PLAN

(This is only a sample with the minimum content that is required for disclosure by the public body. The initial procurement plan will cover the first year of the project and then updated annually or earlier as necessary)

4.1 GENERAL

4.1.1 Project information: [Example: Country, Public Body, Project Name, Loan/Credit No. Project Implementing Agency (PIA) etc. The Project team may decide to have different sections to reflect projects with many PIAs]

4.1.2 Head of public body's approval Date of the Project Procurement Plan [Original :.....; Revision 1:....]

4.1.3 Date of General Procurement Notice:

4.1.4 Period covered by this Project Procurement Plan:

4.2 GOODS, WORKS AND NON-CONSULTING SERVICES

4.2.1 Prequalification - Bidders for _____ shall be prequalified in accordance with the provisions of the Proclamation and Directive.

4.2.2 Reference to (if any) Project Operational/Procurement Manual:

4.2.3 Any Other Special Procurement Arrangements: [including advance procurement and retroactive financing, if applicable].

4.2.4 Procurement Packages with Methods and Time Schedule [List the Packages which require prior review first and then the other packages]

1	2	3	4	5	6	8	9
Ref. No.	Contract (Description)	Estimate Cost	Procurement Method	Prequalification (yes/no)	Domestic Preference (yes/no)	Expected Bid-Opening Date	Comments

4.3 SELECTION OF CONSULTANTS

4.3.1 Any Special Selection Arrangements: [including advance procurement and retroactive financing, if applicable]

4.3.2 Consultancy Assignments with Selection Methods and Time Schedule

1	2	3	4	5	6
Ref. No.	Description of Assignment	Estimated Cost	Selection Method	Expected Proposals Submission Date	Comments

4.4 CAPACITY BUILDING ACTIVITIES WITH TIME SCHEDULE

4.4.1 In this section the agreed Capacity Building Activities (some items could be from CPAR recommendation) are listed with time schedule

1	2	3	4	5	6
No.	Expected outcome/Activity Description	Estimated Cost	Estimated Duration	Start Date	Comments

5 APPENDIX 5: RESPONSIBILITIES OF THE PROCUREMENT ENDORSING COMMITTEE

5.1 CHAIRPERSON OF A PROCUREMENT ENDORSING COMMITTEE

The chairman of a procurement endorsing committee shall be appointed by the head of the public body and shall have the following responsibilities:

- (a) To set the date and hour for meetings of the procurement endorsing committee and chair such meetings;
- (b) To ensure that actions or decisions taken in connection with a bid proceedings are in line with the proclamation and this directive.

5.2 SECRETARY OF THE PROCUREMENT ENDORSING COMMITTEE

The secretary of a procurement endorsing committee shall be appointed by the head of the public body and shall have the following responsibilities:

- (a) To record minutes of meetings of the procurement endorsing committee, to ensure that the committee has complete records and keeps such records carefully;
- (b) To record discourses made with suppliers in the process of making decisions;
- (c) To prepare the agenda for meetings of the committee in accordance with the instruction of the chairperson;
- (d) To vote in meetings of the committee.

5.3 PROCEDURE OF MEETINGS

- (a) There shall be a quorum where more than half of the members of a procurement endorsing committee are present in any meeting. Decisions shall be made by simple majority.
- (b) In case of tie, the chairperson shall have a casting vote.
- (c) The dissenting opinion of a member in any decision of the committee shall be recorded in the minutes of the meeting in which such decision was made.

6 APPENDIX 6: ETHICS IN PUBLIC PROCUREMENT

6.1 PROFESSIONAL ETHICS EXPECTED OF PERSONS ENGAGED IN PUBLIC PROCUREMENT - DIRECTIVE ART 34

Without prejudice to the provision of article 32.1 of the Proclamation, any employee or person in a position of responsibility involved in public procurement shall observe the following and other rules of ethics;

- 6.1.1 Where an employee or a person in a position of responsibility involved directly in public procurement realizes that the decision he makes in respect of any procurement proceedings conflicts with the interest of himself or his family, he shall notify this in writing to the appropriate authority of the Public Body and withdraw from that particular procurement process.
- 6.1.2 Where a Public Body receives information from any source that an employee or a person in a position of responsibility engaged in public procurement is involved in a conflict of interest in the exercise of his duty,
 - 6.1.2.1 It shall require the person concerned to respond to the allegation in writing
 - 6.1.2.2 The Public Body shall determine whether the allegation of conflict of interest is true on the basis of the response given by the person whom the allegation concerns pursuant to article 34/1 above and other evidence gathered by any means it considers appropriate.
 - 6.1.2.3 Where the Public Body ascertains as per article 7.1.2.2 above, that the person whom the allegation concerns is in fact involved in a conflict of interest in connection with his duty:-
 - (a) It shall remove the person from that procurement process;
 - (b) It shall cause decisions given in participation of that person in connection with that procurement process to be reviewed;
 - (c) it shall take disciplinary measures on that person unless it is convinced that the failure on the part of that person to notify the Public Body of the fact of his involvement in a conflict of interest is due to lack of awareness.
- 6.1.3 Any employee or person in a position of responsibility involved directly or indirectly in public procurement shall refrain from committing an act which is prejudicial to equal opportunity of candidates or suppliers to compete in a bid or enter into a contract with a Public Body in any public procurement. For this purpose, public bodies have to ensure that:

- (a) In inviting bids for procurement all candidates have adequate and complete information enabling candidates to participate in the bid and come up with responsive bids.
- (b) That the evaluation criteria and schedule of requirements embodied in a bidding document is not prepared in such a manner as to favor a particular candidate.
- (c) That the result of a bid evaluation is made known to all bidders at the same time
- (d) The obligation of suppliers in a procurement contract is not deliberately made simple or onerous in favor or against a supplier and, as far as possible; the terms of contracts to be signed by various suppliers for similar procurements are more or less similar.
- (e) Payment, monitoring, exchange of information or other activities pertinent to contract administration are applied indiscriminately to all suppliers.

6.1.4 Employees or persons in a position of responsibility engaged directly or indirectly in public procurement shall not accept gifts of any kind which influences or has the potential to influence their action or decision in the exercise of their duty. For the purpose of this sub-article, such persons shall observe the following ethical precepts:-

Without prejudice to article 6.1.4(e) below:-

- (a) Not to accept gift which has monetary value especially from a supplier or a candidate to the Public Body or.
- (b) Not to accept offer of employment for himself or his family.
- (c) Not to accept special discount or service in his private transaction with the person who is a supplier to the Public Body or candidate.
- (d) Not to accept an invitation, which is likely to influence his action or decision in relation to his duty; however, he may accept invitation which does not involve travel or an invitation in which the inviter has no business relation with the Public Body.
- (e) Notwithstanding the provision of article 6.1.4 (a) above, such person may accept items which are freely distributed for the purpose of promotion or advertisement and not for sale.

6.1.5 Any employee or person in a position of responsibility has the obligation to notify to the appropriate body, any act of corruption intended or perpetrated. For the purpose of this article:-

- (a) It is necessary to make sure that the allegation is supported by evidence.

(b) Isolate oneself from any act facilitating or assisting the intended act of corruption.

6.1.6 An employee or a person in a position of responsibility has to keep in secret any confidential information of the Public Body, candidates or suppliers which he came to know of on account of his duty. For this purpose,

(a) No information shall be disclosed to any third party which is likely to restrict competition or helps bidders to derive unfair advantage or which is detrimental to the interest of the Public Body except by order of a competent court or by special permission of the head of the Public Body.

(b) Keep in secret decisions and other information of the Public Body in dealing with suppliers in the execution of contracts,

6.1.7 Not to disclose information of bidders and bid evaluation results to any third party before such information is made public by the procuring Public Body

6.2 ETHICS EXPECTED FROM CANDIDATES - DIRECTIVE ART 35

6.2.1 Without prejudice to the provision of article 32.4 of the Proclamation, candidates or suppliers in public procurement shall observe the following principles of ethics:

(a) As provided in article 32.4 of the proclamation, no candidate or supplier shall give gift either by himself or through a third party, to an employee or a person in a position of responsibility engaged directly or indirectly in public procurement.

(b) Any candidate or supplier shall disclose to the Public Body information which he is aware of and which he considers helpful to the Public Body in making decisions in regard to a bid proceeding or contract administration.

(c) He/it shall not connive with other bidders in an offer of price and shall not exchange information which is harmful to the interest of the Public Body nor use other bidders' documents or information in a bid proceeding conducted by a Public Body.

(d) Disclose to the appropriate body an intended or perpetrated act of corruption of which he is aware, and not to be complicit in such an act.

7 APPENDIX 7: SPECIALIZED PROCUREMENT

1 PROCUREMENT OF TEXTBOOKS AND MANUSCRIPTS

1.1 INTRODUCTION

Successful procurement of textbooks not only requires that the public body uses procedures that will obtain the lowest price, but also sets qualitative selection criteria which result in the selection of books that: are suitable for the curriculum; conform with local pedagogical or methodological requirements; and have satisfactory content durability and presentation standards and are of local relevance. The public body may use a number of different approaches to procure textbooks. Each requires the use of slightly different provisions in the bidding documents, different supporting documentation, and different evaluation procedures.

1.2 DEFINING THE SCOPE OF SERVICES REQUIRED OF BIDDERS

1.2.1 The public body must clearly establish the level of textbook preparation and/or manufacturing required of bidders. A number of approaches to textbook procurement are acceptable by the Government, depending on the public body's needs, appropriate textbook availability, and the level of effort required to produce the final product. From the simplest to the most complex, the most typical services normally required by public bodies include:

- Adaptation and/or translation and preparation for printing of material already in existence usually owned or licensed by a potential bidder;
- Provision of professional editorial and publishing services to revise manuscripts already in existence or in active development, and owned or commissioned by an implementing agency, usually the Ministry of Education ("the public body"); and
- Provision of the complete range of commercial publishing services from new manuscript development to layout and design and from preparation of CRC to printing and delivery of the finished book to the public body.

Since a broad range of services is required to meet the needs of each of the above levels of services, the public body has to apply somewhat different procurement strategies. For example, Math and English books can often be adapted from existing commercial texts originally published for other countries, while it may be necessary to develop new Social Studies and Science texts to meet local requirements. The latter case involves contracting outside the publishing arena to manage the entire process from local authorship to supply of the finished books.

1.3 EVALUATION AND QUALIFICATION CRITERIA

This section contains the factors, methods and criteria that the public body shall use to evaluate a bid and determine whether a bidder has the required qualification. No other factor, method or criteria shall be used except those stated in the Standard Bidding Documents. These are: Evaluation of Quality and Cost, Evaluation of Multiple Lots, Evaluation of Domestic Preference and Post-Qualification.

1.3.1 Evaluation of Quality and Cost

1.3.1.1 The public body's evaluation of manuscripts will take into account both quality and cost factors as indicated below.

Evaluators should be aware of the following when conducting their evaluation:

- When Manuscript, Publishing and Manufacturing are contracted under a single contract, the evaluation of quality factors shall **only** apply to manuscripts.
- Bulk purchase of Books and Educational Materials without alteration (off-the-shelf) should be contracted from the book consolidator / wholesaler that offer the greatest discount on the catalogue prices of the books on the public body's list.
- Services for Manuscript and Publishing, or Publishing services alone may be hired as consulting services using the Standard Request for Proposals. The evaluation criteria below may be used to evaluate the manuscript part of the proposal **only**.
- When Publishing and Manufacturing are contracted under a single contract, or Manufacturing is contracted separately, award should be made to the lowest evaluated price. There is no need to evaluate quality.
- Supply of production inputs and distribution services should be selected on the basis of the lowest evaluated price. There will be no need to evaluate quality.

1.3.1.2 Quality Evaluation Factors

- Conformity to the Curriculum
- Content
- Level of Language
- Pedagogical Method
- Teacher Support
- Presentation and Design
- Illustrations

1.3.1.3 Cost Evaluation Factors

- Cost of inland transportation, insurance, and other costs within Ethiopia incidental to delivery of the textbooks to their final destination (only if the price for these services has not been requested as part of the bid price as per **Bid Data Sheet (BDS)**).
- Deviations in the delivery schedule offered in the bid with respect to that specified in the Bidding Documents; and
- Deviations in payment schedule from that specified in the Special Conditions of Contract;

1.4 EVALUATION OF QUALITY EVALUATION FACTORS

Sub-criteria-Criteria/Factor	Maximum Points
1. Conformity to the Curriculum Conformity of the material to the requirements of the current curriculum	5-10
2. Content Accuracy and appropriateness of the factual content of the manuscript	10-40
3. Level of language Accessibility of the level of language to the pupils of the Grade for which the text is intended and does it also help to improve pupil's understanding and use of language	5-10
4. Pedagogical Method Appropriateness of the pedagogical method to classroom circumstances and pupil needs and the usefulness of the exercises, tasks and evaluation and testing materials equally useful	10-40
5. Teacher Support (Teacher's Guide) Appropriateness of the Teacher's Guide in providing a good guide to the curriculum; helping with lesson planning; give notes on each individual lesson; help with devising project work, homework, testing and evaluations	5-10

Sub-criteria-Criteria/Factor	Maximum Points
<p>6. Presentation and design</p> <p>Quality of the following aspects in relation to the pedagogic needs of the text and the motivation of the pupils</p> <ul style="list-style-type: none"> • Page layout • Size and style of type used • General 'readability' • Spacing, margins, 'signposting,' clarity of impression 	5-10
<p>7. Illustrations</p> <p>Quality of the illustrations and their relevance to the content and pedagogical intent of the text</p> <ul style="list-style-type: none"> • Standard of illustrations • Accuracy of illustrations • Style of illustrations • Relationship between text and illustrations 	5-10
Total Maximum Points	100

1.5 EVALUATION OF COST EVALUATION FACTORS

1.5.1 *Bid Price:* (after taking into account arithmetic errors, discounts and domestic preference)

1.5.2 Inland transportation from ExW/port of entry/border point, insurance, and incidentals

Inland transportation, insurance, and other incidental costs for delivery of the textbooks from ExW/port of entry/border point to Project Site named in the Bid Data Sheet will be computed for each bid by the public body on the basis of published tariffs by the rail or road transport agencies, insurance companies, and/or other appropriate sources. To facilitate such computation, the bidder shall furnish in its bid the estimated dimensions and shipping weight and the approximate ExW/CIF (or CIP border point) value of each package. The above cost will be added by the public body to ExW/CIF/CIP border point price.

1.5.3 Delivery schedule

1.5.3.1 The textbooks covered under this invitation are required to be delivered (shipped) within an acceptable range of weeks specified in the Schedule of Requirement. No credit will be given to earlier deliveries, and bids offering delivery beyond this range will be treated as non responsive. Within this acceptable range, an adjustment per

week, as specified in the Bid Data Sheet, will be added for evaluation to the bid price of bids offering deliveries later than the earliest delivery period specified in the Schedule of Requirements.

or

- 1.5.3.2 The public body requires that the textbooks under the Invitation to Bids shall be delivered (shipped) at the time specified in the Schedule of Requirements. The estimated time of arrival of the textbooks at the Project Site will be calculated for each bid after allowing for reasonable international and inland transportation time. Treating the bid resulting in the earliest time of arrival as the base, a delivery “adjustment” will be calculated for other bids by applying a percentage, specified in the Bid Data Sheet, of the ExW/CIF/CIP price for each week of delay beyond the base, and this will be added to the bid price for evaluation. No credit shall be given to early delivery.

or

- 1.5.3.3 The textbooks covered under this invitation are required to be delivered (shipped) in partial shipments, as specified in the Schedule of Requirements. Bids offering deliveries earlier or later than the specified deliveries will be adjusted in the evaluation by adding to the bid price a factor equal to a percentage, specified in the Bid Data Sheet, of EXW/CIF/CIP price per week of variation from the specified delivery schedule.

1.5.4 Deviation in payment schedule

- 1.5.4.1 Bidders shall state their bid price for the payment schedule outlined in the Special Conditions of Contract (SCC). Bids will be evaluated on the basis of this base price. Bidders are, however, permitted to state an alternative payment schedule and indicate the reduction in bid price they wish to offer for such alternative payment schedule. The public body may consider the alternative payment schedule offered by the selected Bidder.

or

- 1.5.4.2 The (SCC) stipulate the payment schedule offered by the public body. If a bid deviates from the schedule and if such deviation is considered acceptable to the public body, the bid will be evaluated by calculating interest earned for any earlier payments involved in the terms outlined in the bid as compared with those stipulated in this invitation, at the rate per annum specified in the Bid Data Sheet.

1.6 THE EVALUATED BID SCORE

An evaluated Bid Score (B_i) will be calculated for each responsive bid using the following formula, which permits a comprehensive combined assessment of the Bid Price and the quality (technical merits) of each bid.

$$B_i = \frac{C_{lowest}}{C_i} X + T_i(1 - X)$$

Where:

C_i = Evaluated Bid Price

C_{lowest} = the lowest of all Evaluated Bid Prices

T_i = the total Technical Points awarded to the bid

X = weight for the Price [insert a number between 0.15 and 0.35]

The bid with the highest evaluated bid score (B) among responsive bids shall be termed the Lowest Evaluated Bid and is eligible for Contract award, provided the Bidder was prequalified and/or it was found to be qualified to perform the Contract in accordance with the ITB.

1.7 TECHNICAL/QUALITY EVALUATION

The Textbook Evaluation Board will receive all Bids that are deemed responsive and assign them to the appropriate Subject Specialists Panel. The members of the Panel will evaluate each book in a Bid in terms of pedagogic quality, presentation and illustration using Factors 1 to 7 listed below. The table shows a range of points that may be allocated to each criterion on a scale from 1 to 100.

It is important to note that not all these criteria and weightings may be appropriate for all textbooks and learning materials. They should be considered as indicative and should be adapted as required.

1.7.1 **Sample Rating Scale.** The grades indicated in the table below are typical percentage ratings for each criteria/factor.

Typical Ratings for Each Quality Grade	
Quality Grade	Ratings
Deficient (D)	40%
Satisfactory (S)	65%
Good (G)	85%
Very Good (VG)	100%

1.7.2 **The Point System** - The table below is a sample intended to illustrate the calculation of the final score.

Criteria/Factor (i from 1 to n)	Maximum Points (M _i)	Rating (D, S, G, VG) from 40%—100% (R _i)	Technical Score (M _i × R _i)
n = 1			
n = 2			
n = 3			
n = 4			
n = 5			
n = 6			
n = 7			
n = 8			
	Σ M _i =100 points		$T = \sum_{i=1}^N M_i \times R_i$

N = the number of categories

M_i= Maximum points of each category

R_i = Rating for each category

In order to successfully pass the Quality Evaluation stage, and therefore be considered technically responsive, each title in a Bid must score a minimum of 65 points.

Note:

Each title that has successfully passed the quality evaluation stage will be evaluated on the basis of a combined assessment of quality and price. If there is to be a Single Book Option (SBO) the title with the highest evaluated Bid Score will be considered as suitable for the award of a Contract by the public body subject to the General and Specific Conditions of Contract. In the case of a Multiple Book Option (MBO) those titles from the highest evaluated score downwards will be considered as suitable until the required number of titles for the MBO is reached.

1.8 EVALUATION OF MULTIPLE LOTS

In accordance with Invitation to Bid (ITB) the public body is allowed to award one or multiple lots to more than one Bidder, the following methodology shall be used for award of multiple contracts.

- 1.8.1 To determine the lowest-evaluated lot combinations, the public body shall:
- 1.8.1.1 evaluate only lots or contracts that include at least the percentages of items per lot and quantity per item as specified.
- 1.8.1.2 take into account:
- the lowest-evaluated bid for each lot that meets the requirement of Evaluation Criteria (EC);
 - the price reduction per lot and the methodology for their application as offered by the Bidder in its bid; and
 - the contract-award sequence that provides the most optimum economic combination taking into account any limitations due to constraints in supply or execution capacity determined in accordance with the post-qualification criteria, as set in EC Post Qualification.

1.9 EVALUATION OF DOMESTIC PREFERENCE

- 1.9.1 If the **Bid Data Sheet** so specifies, the public body will grant a margin of preference to textbooks manufactured in the Federal Democratic Republic of Ethiopia for the purpose of bid comparison, in accordance with the procedures outlined in subsequent paragraphs:
- 1.9.2 Bids will be classified in one of three groups, as follows:
- 1.9.2.1 **Group A:** Bids offering textbooks manufactured in the Federal Democratic Republic of Ethiopia, for which (i) labor, raw materials, and components from within the Federal Democratic Republic of Ethiopia account for more than thirty (30) percent of the ExW price; and (ii) the production facility in which they will be manufactured or assembled has been engaged in manufacturing or assembling such textbooks at least since the date of bid submission.
- 1.9.2.2 **Group B:** All other bids offering textbooks from within the Federal Democratic Republic of Ethiopia.
- 1.9.2.3 **Group C:** Bids offering textbooks of foreign origin to be imported by the public body directly or through the Supplier's local Agent.

To facilitate this classification by the public body, the bidder shall complete whichever version of the Price Schedule furnished in the bidding documents is appropriate provided, however, that the completion of an incorrect version of the Price Schedule by the Bidder will not result in rejection of its bid, but merely in the public body's reclassification of the bid into its appropriate bid group.

The public body will first review the bids to confirm the appropriateness of, and to modify as necessary, the bid group classification to which bidders assigned their bids in preparing their Bid Forms and Price Schedules.

All evaluated bids in each group will then be compared among themselves to determine the lowest evaluated bid of each group. The lowest evaluated bid of each group will next be compared with the lowest evaluated bids of the other groups. If this comparison results in a bid from Group A or Group B being the lowest, it will be selected for contract award.

1.9.3 If, as a result of the preceding comparison, the lowest evaluated bid is from Group C, all Group C bids will then be further compared with the lowest evaluated bid from Group A, after adding to the evaluated bid price of the imported textbooks offered in each Group C bid, for the purpose of this further comparison only:

1.9.3.1 the amount of customs duties and other import taxes that a nonexempt importer would have to pay for the importation of textbooks offered in each Group C bid;

or

1.9.3.2 fifteen (15) percent of the CIF (or CIP border point or CIP named place of destination, as the case may be) bid price of such textbooks, if the customs duties and taxes exceed fifteen (15) percent of the CIF (or CIP border point or CIP place of destination) price of such textbooks.

1.9.4 If the Group A bid in the further comparison is the lowest, it will be selected for award. If not, the lowest evaluated bid from Group C, as determined from the comparison under ITB Clause 37, will be selected for award.

1.10 POST-QUALIFICATION CRITERIA

1.10.1 After determining the lowest-evaluated bid in accordance with ITB, the public body shall carry out the post qualification of the Bidder in accordance with ITB Clause 38, using only the factors, methods and criteria specified herein, as shown in the following table. Factors not included in this Section shall not be used in the evaluation of the Bidder’s qualification.

1.10.2 Post qualification Matrix

	Consolidators	Publishing	Manufacturing
General Experience	Minimum of three years in operations	Minimum of three years in operation prior to the bid submission date, and an important part of its business must be in the development of authorship and the publication of educational materials.	Minimum of three years in operation prior to the date of bid submission with an important part of its business being the manufacturing of printed and bound educational materials.
Specific	Successfully completed minimum of two	Successfully completed minimum of two similar	Successfully completed a minimum of two contracts

	Consolidators	Publishing	Manufacturing
Experience	contracts similar in size and scope.	<p>contracts including development of educational or informational materials in the target languages specified in the bidding documents.</p> <p>Contract skills in the following areas: project management, author commissioning, and publishing, specifically the following (depending on the exact nature of the contracts, not all of these may be required):</p> <ul style="list-style-type: none"> - Authorship identification, development, and management - Text and art editing - Page design and layout - Text setting and artwork origination - Commissioning illustrations - Financial management - Procurement of materials for book manufacture - Procurement of book manufacture - Publishing management - Distribution management - Promotion 	similar in size and scope.
Financial Information	<p>Audited financial accounts for at least two complete fiscal years</p> <p>Cash flow availability for Birr [insert amount].</p>	Audited financial accounts for at least two complete fiscal years that demonstrate the soundness of its financial position and that it has the financial resources to perform the proposed contract. It must demonstrate available cash flow arrangements for	Audited financial accounts for at least two complete fiscal years, demonstrating the soundness of its financial position and that it has the financial resources to perform the proposed contract. It must demonstrate available cash flow arrangements

	Consolidators	Publishing	Manufacturing
		Birr _____million.	for Birr ____million.
Production Capacity	<p>The annual production required should be at least 2.5 times the value of the contract during the last three years.</p> <p>Premises equipped to acceptable standards to perform required function.</p>	<p>The annual production required should be at least 2.5 times the value of the contract during the last three years.</p> <p>Premises equipped to acceptable standards to perform the required functions.</p>	<p>The annual production required should be at least 2.5 times the value of the contract during the last three years.</p> <p>It must have available the following facilities and the appropriate skilled staff to operate them:</p> <ul style="list-style-type: none"> - Camera - Plate making - Sheet-fed or web-fed offset printing machinery capable of printing in one color or multiple colors, depending on the contract requirements - Finishing and binding - Packing - Delivery - Warehousing and distribution (depending on the contract requirements) <p>If required in BDS, the bidder must submit (i) a list of its major plants and equipment showing (for each machine) the manufacturer, the model, the maximum and minimum sizes it can handle, the age, and the average output; and (ii) a list of its staff showing their skills and their years of experience.</p>

2 PROCUREMENT OF INFORMATION SYSTEMS

2.1 INTRODUCTION

The nature and scope of information systems financed under Government projects vary greatly. They encompass a broad range of functional applications, technologies and related technical services. They also vary widely in scale and complexity. A further variation in the acquisition of information systems includes the use of technical services, and the relevant Government procurement methods associated with consulting services. This approach is more narrowly applicable in that it is appropriate for software development or other service-only type assignments (i.e., little to no tangible technologies).

2.2 BACKGROUND

2.2.1 Large Information Technology (IT) and Systems (IS) contracts are among the most challenging projects to procure because:

2.2.1.1 their technical content is diverse and difficult to define;

2.2.1.2 they are highly affected by changing business objectives, organizational politics, and institutional capacity of the end-user;

2.2.1.3 they are subject to rapid technological and methodological change over the project life-cycle; and

2.2.1.4 they entail mixtures of professional engineering services and supply of diverse hard and soft technologies.

2.2.2 Thus, specialized SBDs become necessary to facilitate IT procurement (IT procurement is the common term used to designate all procurements having to do with computing and communications technologies regardless of their hardware, software, supply or service components. The term Information Systems (IS) is used for this particular SBD in order to convey a connotation of its primary target use, i.e. the supply and installation of integrated information systems, which usually include major hardware and software components). IT SBDs provide bidding and contracting models that facilitate successful installation, integration, and operation of a range of information technology applications — from straightforward supply and maintenance of technology products, to complex development, integration and operation of mission-critical information systems.

2.2.3 Procurement of Information Systems (IS/IT) are considered to be among the most challenging and difficult to undertake, because of the following characteristics:

2.2.3.1 their technical content is extremely diverse and difficult to define;

- 2.2.3.2 the various components of IT are highly interdependent on the business processes of the implementing agency;
 - 2.2.3.3 the available solutions in the market to IT problems experienced by public bodies are subject to rapid technological and methodological change; and
 - 2.2.3.4 IT contracts generally entail procurement of a substantial mixture of professional and intellectual services as well as tangible and not so tangible technologies.
- 2.2.4 These and other factors mean that public bodies engaging in a large IT investment must make a serious effort to plan and execute the procurement process, and commit to supervising the installation, integration and operation of the IT system over the long term.

2.3 PROCUREMENT PLANNING AND PACKAGING

- 2.3.1 Public bodies have traditionally followed two approaches in procuring their IT needs. The most typical is procurement based on the short term needs of a particular department of the public body. This is a fragmented form of procurement, where the department or agency procures stand alone personal computers (PCs) loaded with associated packaged software for word processing, data base management, and associated peripherals such as printers. In many instances, however, this approach may not consider its impact on other parts of the organization. While the procurement may satisfy the needs of these departments, the economies of scale are lost and the IT goods or services procured provide very little scope for expansion in the future.
- 2.3.2 Public bodies also procure IT on a corporate-wide basis, as part of an integrated IT strategy of two or more departments within the Federal Government. This takes into account the end - user's overall business development plan for the next three to five years and explicitly addresses the life cycle cost consequences of any IT investment at each stage. Under this approach, the needs of multiple departments are examined by the public body and a solution recommended. The solution may involve the establishment of a Local Area Network connecting PCs in all of these departments, allowing them to share common software through a network server, supported by network printers.
- 2.3.3 Unless the public body goes through a disciplined enterprise-wide needs analysis, the overall capital and recurring costs for the public body arising from the procurement tend to be greatly increased. The Government thus expects public bodies who are undertaking IT procurement using Government finances to come up with a plan for the purchase that is consistent with a strategic IT plan for the organizations involved in the procurement.
- 2.3.4 The Government encourages public bodies to have an integrated approach, whereby the needs of two or more departments within the Federal Government are examined in the enterprise-wide IT strategy and procurement is based on the formation of a network of PCs as mentioned in paragraph (b) above. In addition, since the license for the use of software is for multiple users, the cost per user is significantly less.

Additional users could also be added to the Network at minimal extra cost when each department expands their automation process. Providing maintenance and supplying spare parts also becomes more cost effective for the supplier and a part of the savings may be passed to the public body. If the public body lacks the expertise to develop such a plan/strategy, expert consultants should be engaged initially to guide this process, the longer term objective being to help the public body develop its own capacity to carry out the plan.

- 2.3.5 If the public body/agency wishes to, permit bidders to bid on individual items in the schedule of requirements, by specifying this possibility as well as the appropriate evaluation methods in the ITB. However, for information systems with a strong inter-dependency among the elements, the Government does not recommend this approach. In circumstances in which dividing the procurement into lots and letting bidders bid on one or more lots may make sense, the public body should plan the procurement in such a way that the lots form relatively independent systems or collections of independent systems. This may be used by public body for the procurement of independent systems in different agency offices or in different institutions (e.g., different hospitals). In such cases, a mix of suppliers may not compromise the effectiveness of the overall information systems investments.
- 2.3.6 Where the volume of installations is too large for any single supplier to undertake, or for anti-trust reasons the agency would not like a single supplier to win all of the installations, it is acceptable for the public body to divide installations into lots that could help speed implementation and diversify suppliers. In particular, if a large volume of installations is the agency's concern, then by organizing them into lots (e.g., on geographical or functional grounds), the agency can achieve an ambitious implementation schedule with a number of suppliers working in parallel.
- 2.3.7 If anti-trust is the public body's/agency's concern, then it can use lots and a very aggressive implementation schedule to help ensure that more than one supplier emerges from a competitive procurement. In any case, the organization of lots, the rules for bidding and the evaluation methods must be clearly specified in the pre-qualification and bidding documents and, accordingly, planned well in advance of the launching of the procurement process.
- 2.3.8 Other steps in implementation planning include site assessments. During these visits, the project team must identify responsible individuals, as well as important differences in agency business processes or features of the premises which might influence the work required of the selected supplier for the information system. Implementation planning also involves the organization of user advisory groups, to help improve the effectiveness of the plan, the accuracy of the systems specifications, as well as the reception which the new system encounters during implementation. The plan should also address how the equipment and services will be physically received and tested, as well as how the necessary resources to carry this out will be arranged for.

2.4 PROCUREMENT OF INFORMATION SYSTEM SOFTWARE

2.4.1 Procurement of software is usually done as part of the procurement of the IS hardware. However, the procurement of software raises intellectual property issues. The SBDs for procurement of IS should include a software covenant which requires public bodies to ensure that any software procured should be legal and should not violate any copyright laws. The Government has authority to blacklist bidders who supply illegal software and where public bodies procure illegal software. The public body should refuse to allow the funds to be used to finance the contract in question.

2.4.2 The effect of the software covenant is to establish provisions against the use of pirated software; require suppliers to provide certifications about the legality of software together with their bids and to indicate the penalties that accompany violations of the Government's policies relating to the procurement of software.

2.5 SUPPLY AND INSTALLATION OF INFORMATION SYSTEMS

2.5.1 Two key features distinguish supply & installation from goods procurements namely, increased supplier's risk and complex service requirements. Together these two features increase significantly the complexity and risk of the procurement and require different evaluation and contracting terms.

2.5.2 In Supply & Installation procurement the Supplier assumes responsibility for the design, supply, and installation of a facility defined by the public body mainly in terms of performance specifications. Therefore, the Supplier's responsibility goes beyond the supply of whatever products or services the public body requests, and extends to the provision of any other products or services required to make the facility perform to specifications.

2.5.3 IS Supply and Installation procurement, therefore, requires a degree of professional judgment and expertise from suppliers that is commensurate with the higher degree of risk they are called to assume. This frequently results in large and complex service components for this type of procurement.

2.6 SINGLE-STAGE PROCESSING

2.6.1 When bidding is based on technical product or service specifications, single-stage procurement is usually appropriate, even for complex procurements. A good example would be the procurement of a large wide-area computing network with a variety of office support and application services, extensive operational acceptance testing requirements and centralized network management, where the basis for bidding is nevertheless a set of well-defined technical specifications and consequently the design risk is borne by the public body.

2.6.2 Even when functional or performance specifications are developed by the public body, single-stage procurement is advisable if the specifications are likely to be met only by established products in the market. In this case, Bidders have no real design

discretion and public bodies are not likely to benefit from technical solutions not already widely known. For example, when procuring a complex application system, the public body is likely to formulate its requirements through detailed functional specifications. However, if these specifications can only be met by established software packages, the full potential benefit of two-stage procurement is not available. In this case it might be better to use a single-stage process and a technical merit evaluation method that includes real product tests.

- 2.6.3 Complex, single-stage procurements may emphasize extensive bidder conferencing and clarification processes based on written communications and full disclosure to all bidders of questions, answers and specification changes. With the advent of electronic government procurement systems, the facilities for bidder conferencing, clarification, and resolution of issues raised about the adequacy or objectivity of specifications will become global, instant, and highly reliable.

2.7 SUGGESTED STRUCTURE OF AN OUTPUT BASED SPECIFICATIONS

- 2.7.1 This section provides a suggested sample structure for the OBS and includes suggestions on what each section should contain.

Note that the suggested structure is appropriate for a substantial Information Management and Technology (IM &T) procurement, and may be overly detailed/complex for simple procurements. Therefore, authorities should consider carefully the most appropriate structure, merging the suggested headings below where appropriate.

2.7.2 TABLE OF CONTENTS FOR OBS

2.7.2.1 OPTION ONE

PART A—SETTING THE SCENE

1. Introduction.
2. Background to the requirement.
3. Summary of the requirement.

PART B—REQUIREMENTS

4. Core requirements.
5. Possible additions and variations to core requirements.
6. Management of the contract.
7. Constraints.

8. Risk transfer.

PART C—RULES FOR RESPONDENTS

9. Procurement process.

10. Details of response required.

POSSIBLE APPENDICES

- Details of business activities.
- Business facts and figures.
- Organizational details.
- Details of current IM &T.
- Detailed requirements for compatibility, interfacing.

2.7.2.2 OPTION TWO

PART A—SETTING THE SCENE

Section 1 - Introduction

- Description of the organization.
- Purpose and content of the OBS.
- Disclaimers, caveats etc.
- Confidentiality.

Section 2 - Background to the requirement

- Summary of relevant section of local implementation strategy
- Business strategy.
- IM &T strategy.
- Relevant current functions, structures & IM &T.
- IM &T policies, standards, architectures.
- Relevant history and future developments.

Much of this material will come from the Local Implementation Strategy, the IM &T strategy and the Project Initiation Document (PID).

Section 3 - Summary of the requirement

- Objectives of PFI within the procurement.
- Role of the procurement in business plans.
- Summary of expected benefits from the investment.
- Summary of scope of the procurement, including core elements, optional extensions and exclusions.

Much of this material will come from the IM &T strategy, PID and OBS.

PART B—REQUIREMENTS

Section 4 - Core requirements

In line with the guidance provided in this document, each requirement should be categorized as follows:

- ‘Primary’—i.e. output requirements which the authority considers to be particularly important and which may (but will not necessarily) end up being treated as mandatory requirements which a supplier must be capable of satisfying.
- ‘Secondary’—i.e. output requirements which the authority considers at the outset to be of lesser importance, and which may (but will not necessarily) end up being treated as non-mandatory.
- All areas where the supplier is required to provide further information in their response to the OBS should be indicated by the use of an unambiguous convention, such as ‘The supplier is required to describe their approach to X’, ‘The supplier is required to state their preferences on Y’ etc.

Each discrete section of requirements should also be preceded by:

- a short description of relevant current systems, their impact on the effectiveness of the functional area, and the relevant business volumes involved (thereby ensuring that the OBS describes the positive aspects of the current systems/services that the authority will expect to be preserved)
- an outline of the main benefits expected from the new system/services, quantified where possible, and typically sourced from the OBC.

In this context, a suitable structure for this section may be:

- Initial view on core scope of procurement.

- Specification of system-related outputs (including application functionality if appropriate):
 - nature: i.e. high-level functionality
 - volumetrics: e.g. frequency, volume
 - quality attributes: e.g. format, reliability, accuracy, and response times.
- Specification of services outputs (structured as per the outputs above).
- Specification of services inputs (i.e. outputs from the authority to the supplier, structured as per the outputs above).
- Requirements related to migration, cutover, implementation and start-up of new facilities.
- Requirements related to the end-of-contract period and possible transition to a new service/supplier.

Section 5 - Possible additions and variations to core requirements

- Requirements for additional systems and/or services, e.g.:
 - –further system development or consultancy
 - –additional optional systems
 - –outsourcing of current in-house IM &T services.
- Opportunities for assets and staff to be transferred over to suppliers.
- Opportunities for suppliers to suggest different contract scopes.

Section 6 - Management of the contract

- Requirements for service management.
- Requirements for customer liaison.
- Requirements for contract review meetings etc.

Section 7 - Constraints

Constraints on proposed solutions, including:

- Standards; Note that not all of these standards necessarily need to be enforced for a given procurement. Standards that are relevant to the service boundaries should be included, with other standards being included only if the public body feels that they are relevant.
- Compatibility, if not addressed by the above.
- Implementation imperatives, if any.
- Interfacing/inter-working.
- Interaction with other business activities.
- Existing IM &T that is envisaged to be retained.

Section 8 - Risk transfer

- Inventory of risks identified for the investment.
- An indication of which of them the authority would like to share with, or transfer to, the supplier.
- Including a requirement that the supplier responds to the list, describing which risks they would consider taking on, and what contractual mechanisms they would propose in order to achieve this.

PART C—RULES FOR RESPONDENTS

Section 9 - Procurement process

- Procurement timetable.
- Implementation timetable.
- Procurement procedures.
- Information required from suppliers during procurement costs.
- Evaluation criteria and method.

Section 10 - Details of response required

- Instructions for layout of proposals (to aid comparison and evaluation).
- Corporate capability (e.g. nature of consortium).
- Point by point response to everything set out in Sections 4 to 8.

- Details of options and alternative proposals.
- Description of approach to service provision (including project management, plans, timetable, organization and staffing).
- Indicative/budgetary commercial proposals (including funding arrangements, basis of charging, budgetary costs, incentives in contract, transfer of assets/staff, other revenue streams).

2.8 SAMPLES OF TECHNICAL SPECIFICATIONS FOR ICT

- 2.8.1 The Proclamation and Directive article 16.5 (e) discourage the use of brand or product names in the procurement of goods and services. The use of brand or product names do not comply with Ethiopian legislation and policies as these tend to discourage competition and place Government procurement at risk by basing the procurement on brands rather than accurate measures of performance.
- 2.8.2 To ensure the enjoyment of the benefits of fair and open competition and comply with the procurement Directive, the use of accurate performance measures for computers and specifications that are brand neutral, objective and based on real world system level (not component level) application performance measurements are necessary. The advantage of using standardized benchmarks is that they provide the buyer with a specific, easily comparable measure for the performance of a computer in an objective and vendor neutral way.
- 2.8.3 Given that the specifications measure the performance of the whole computer or server, they guarantee a minimum level of performance for the system. Here below are sample specifications for personal computers, work group servers, printer, scanner, camera and camera software.

2.9 PC TECHNICAL SPECIFICATIONS

Personal Computer (WKS)	
Service	Standard / Indicator
Form Factor	Mini-tower
Number of CPU's	1, Intel Pentium 4 or equivalent or higher
CPU Clock Speed	2.4 GHz
CPU Word Length	32 bits
Level 2 Cache	512 KB
System Bus Speed	533 MHz
RAM (minimum)	512 MB DDR
RAM Speed	266MHz or better
RAM Expansion Capacity	1 GB
Disk Storage (minimum)	40 GB ULTRA DMA/100, 7200 RPM
Serial / Modem Ports (minimum) (Detail the maximum number of ports available on proposed configuration)	1 16550 UART
Parallel Centronics Ports (minimum) (Detail the maximum number of ports available on proposed configuration)	1 ECP or EPP
USB ports	2
Expansion Slots	PCI 2, 1 AGP
Internal Bays	2 total, 1 available
Network Interface Card or Integrated Supported	32 bit IEEE 802.3 Ethernet compatible 10M/100M auto-sensing, RJ45 Interface, PCI BUS
Monitor and Graphics Adapter	17 " SVGA .26 mm dot-pitch, PnP 1600 x 1200. 4X AGP Graphics Accelerator 32 MB Video Memory, SDRAM or Intel Integrated.
Disk Drive (3 1/2" Format)	1.44 MB 3.5inch
CD-ROM	16X DVD or equivalent or higher

Personal Computer (WKS)	
Service	Standard / Indicator
Sound System	³ 16 bit Integrated, controlled through the BIOS ³ Dual 5 Watt Internal or External Speakers
Mouse	Optical Wheel 2 Buttons PS/2 Type
Keyboard	Arabic / Latin, 104 Key Full Size
Systems Management (minimum)	DMI 2.0, ACPI compliant
OS Support	All workstations shall be pre-configured (OEM) with the most recent version of (Windows).

2.10 SERVER TECHNICAL SPECIFICATIONS

Workgroup Server (WGS)	
Service	Standard / Indicator
Form Factor	Specify (Tower, Rack Mount and size)
Number of CPU's	2, Intel XEON or equivalent or higher
CPU Clock Speed	2.0 GHz
L2 Cache	512 KB full speed per processor
Bus Type / Architecture	400 MHz
RAM (minimum)	1 GB ECC SDRAM or equivalent or ChipKill Technology (2 x 512)
RAM Speed	PC 1600 MHz
RAM Expansion Capacity	8 GB (total slots ³ 8)
Disk Storage (minimum)	200 GB (minimum disk drives=3) with 10 K RPM
Minimum Internal Disk Storage Capacity	72GB
I/O Controllers	Integrated Dual Channel Ultra wide 3 SCSI, or Ultra 160
Available Front Drive Bays	2
Total Hot Swap Drive Bays	6

Workgroup Server (WGS)	
Service	Standard / Indicator
Total PCI Slots	6,min two of them hot-pluggable support PCI-x 64 bit-100MHz
Disk Drive	One (1) 1.44 MB 3.5inch
CD-ROM	40X speed
CD-ROM Controller	IDE
RAID Controller	Dual Channel support with 32 MB or better, Raid Levels 0, 1, 0+1, 5
Tape drive	DDS4 or equivalent or better, ³ 20GB per tape storage capacity
Tape Drive Controller (Internal)	SCSI
USB Ports	2
Serial / Modem Ports (minimum) (Detail the maximum number of ports available on proposed configuration)	Two (2) 16550 UART or equivalent
Parallel Centronics Ports (minimum) (Detail the maximum number of ports available on proposed configuration)	1 EPP or ECP or equivalent
Network Interface	Integrated Ethernet 10/100/1000 Mbps
Monitor and Graphics Adapter	1024 x 768 17" .28 mm dot pitch Non-interlaced 70Hz Display memory 8 MB
Keyboard	Language English, 104 Key Full Size
Operating System Compatibility	Linux Red HAT 7.3 or Higher, MS Windows NT/Windows 2000 Servers and Novell Netware
Mouse	2 button
Power Supply	2 X 500 Watts, hot swappable redundant, Cooling fan.

2.11 PRINTER TECHNICAL SPECIFICATIONS

Printer Specification	
Service	Standard / Indicator
type	laser
Print speed	12 ppm
Output Resolution	1200 x 600 dpi minimum
RAM	8 MB minimum
Interface	Parallel Port interface & USB
Media Types Supported	Plain Paper, Labels, Envelops, Cards and Transparencies
Media Sizes	Letter, A4
Platform Drives	Drivers Win9x, Win Me, Win XP, Win NT, Win 2000, and Linux.
Accessories	All accessories included such as Parallel Cable, Power adapter, Manuals.

2.12 SCANNER TECHNICAL SPECIFICATIONS

Scanner Specification	
Service	Standard / Indicator
type	A4 Color Flatbed, 32-bit color depth
Resolution	1200 x 2400 dpi Optical Resolution
Interface	Parallel Port interface & USB
Platform Drives	Drivers Win9x, Win Me, Win XP, Win NT, Win 2000, and Linux.
Accessories	All accessories included such as Parallel Cable, Power adapter, CD's, and Manuals.

2.13 CAMERA TECHNICAL SPECIFICATIONS

Camera Specification	
Service	Standard / Indicator
type	Web Camera
Camera Spec	sensor for enhanced image quality and low-light performance, 50-degree field of view
Resolution	VGA resolution (640x480)
Pictures	Capture up to VGA (640x480), 24-bit (16.8 million colors)
Video	Record up to VGA 640x480 using supplied software
Interface	USB
Platform Drives	Drivers Win9x, Win Me, Win XP, Win NT, Win 2000, and Linux.
Accessories	All accessories included such as Cables, Manuals.

2.14 CAMERA TECHNICAL SPECIFICATIONS - SOFTWARE

Software	
Service	Standard / Indicator
Server OS Software	LINUX Mandrake 9.0 or Debian (better for upgrading and maintenance)
Workstation OS Software	Windows 2000

3 PROCUREMENT OF PHARMACEUTICALS AND VACCINES

3.1 INTRODUCTION

Financing for procurement of medicines, vaccines, contraceptives, food/nutritional supplements and other pharmaceuticals under health and population projects (“Health Sector Goods”) is increasing significantly. Assistance under these projects ranges from the procurement of pharmaceuticals and vaccines for emergencies, contraceptives for family planning programs to procurement for AIDS, tuberculosis, leprosy, maternal and child health (MCH) programs, etc. These goods are essential to the improvement of a population’s health and well - being. A government’s responsibilities in countries where its role is as the predominant provider of health care are wide ranging. They include:

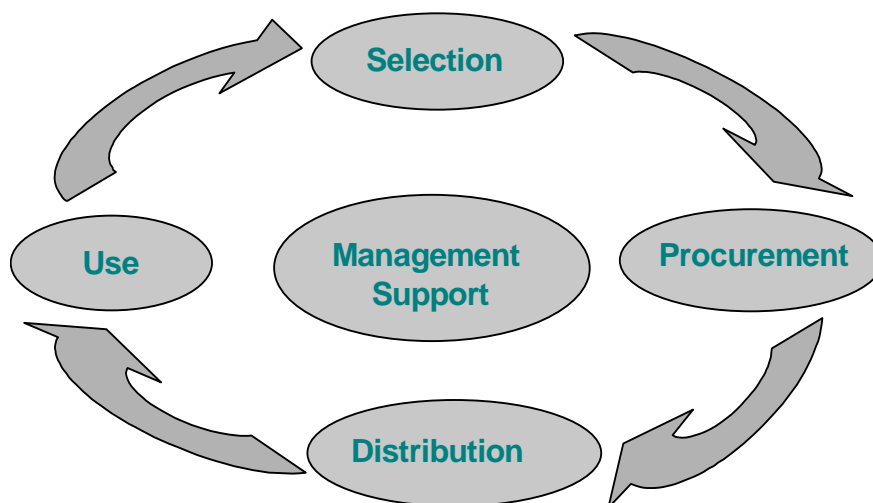
- 3.1.1 the oversight of the range of products to be available in both the public and private sectors;
- 3.1.2 the establishment of standards for, and monitoring of, the quality of health sector goods manufactured in the Federal Democratic Republic of Ethiopia or imported;
- 3.1.3 the efficient distribution of these products through public health facilities;
- 3.1.4 ensuring that appropriate diagnosis, prescribing dispensing and use by consumers takes place; and
- 3.1.5 procurement of health sector goods selected for various projects whether financed through government funds, funds or donations.
- 3.1.6 The following table indicated the categories of health sector goods normally included in Government-financed health projects:

<p>Pharmaceuticals</p>	<p>The most common pharmaceuticals used to treat about ninety percent (90%) of all the causes of morbidity in developing countries are included on the WHO Model <i>Essential Drug</i> List, and are often available in generic form. Other pharmaceutical products with specialized uses may also be included in national essential drug lists. These include the following: proprietary pharmaceuticals (newer pharmaceutical products manufactured under patent and often used at the tertiary level of health care); drugs for tropical diseases (used infrequently in most exporting countries but extensively in tropical countries to control major epidemic diseases); pharmaceuticals used for certain rare diseases that therefore have a very limited market; and pharmaceuticals, the consumption of which is small and sporadic in a developing country, primarily because of cost.</p>
<p>Biological Products</p>	<p>These biological products include vaccines for universal (child) immunization and products that immunize specific risk groups against</p>

	specific diseases. Many of these are named in essential drug lists.
Contraceptives	Contraceptives take a number of different forms, including pharmaceutical products. Mechanical contraceptives, e.g., condoms and intrauterine devices (IUDs) may be classified as drugs or medical devices and need also to be regulated by the local regulatory agency for quality control. The WHO essential drug list includes hormonal contraceptives, both pill and injection form, copper-bearing intrauterine devices, and condom and diaphragm barrier methods.
Nutritional Additives	Nutritionals are pharmaceutical products, including amino acids and combinations, minerals and electrolytes, miscellaneous nutritional supplements, vitamins and combinations, prenatal, renal, and therapeutic formulations. WHO includes a number of such products in the Model List of Essential Drugs.
Medical Equipment	The Government primarily supports the financing of capital—mechanical, electronic, diagnostic, and life-support products—as opposed to consumable medical equipment. The range of available equipment is extensive, but guidelines on the type of standard equipment that should be on site at primary, secondary, and tertiary facilities have been drafted on behalf of the Government. PPA may refer to these “Standard Equipment Lists” as the basis for discussion with public bodies on the acceptability of medical equipment for financing with Government funds.

3.1.7 The outcome of a project will be significantly enhanced by timely and cost effective procurement. This can be achieved through careful packaging and the competent implementation of procurement procedures (which comply with Government regulations) combined with attention to a number of areas that influence the environment for procurement activities in Ethiopia. The team designing and carrying out the project must be adequately staffed and fully conversant with these procedures to ensure successful implementation. Figure 1 gives an overview of the procurement process – procurement follows on from selection, which is the informed determination of the most suitable items to obtain for the health system – and precedes the distribution (or allocation, in the case of medical equipment) of the products to the dispensing and subsequent rational use by the consumer. Underlying the whole process is the national legislative and regulatory framework.

Figure 1:



3.1.8 Once the goods are selected, they are procured, distributed and used. World Government project experience has shown that the objectives of procurement of health sector goods are successfully met when careful attention is paid to a much broader of activities. These include:

3.1.8.1 selection of the health sector goods required;

3.1.8.2 appropriate delivery to and storage within the recipient health system;

3.1.8.3 stringent monitoring and assurance of quality through inspection and product testing; and

3.1.8.4 transparent, fair, and cost effective management of the purchasing of the goods.

3.2 PROCUREMENT PROCESS

3.2.1 The aim is to improve pharmaceutical procurement practices. These operational principles for good pharmaceutical procurement are presented as a set of principles which can be reviewed and adapted by individual governments and public or private organizations in the process of developing their own internal procurement procedures. Pharmaceutical procurement occurs in many contexts. Although the operational principles presented here are in many respects applicable to all procurement settings and for most types of procurement situations, their primary target is pharmaceutical procurement for public sector health systems. It is recognized that public sector procurement may be managed in a variety of ways, ranging from total in-house systems, through various autonomous or semi-autonomous procurement agencies, to total privatization. These principles are applicable to each of those variations.

3.2.2 Pharmaceutical procurement is a complex process which involves many steps, agencies, ministries and manufacturers. Existing government policies, rules and regulations for procurement as well as institutional structures are frequently inadequate and sometimes hinder overall efficiency in responding to the modern pharmaceutical market.

3.3 STRATEGIC OBJECTIVES FOR GOOD PROCUREMENT

3.3.1 The operational principles for good pharmaceutical procurement are based on four strategic objectives. Both the strategic objectives and the operational principles are relevant to any public sector drug supply system, no matter what combination of public and private services is used to manage the system.

3.3.2 Four strategic objectives of pharmaceutical procurement

3.3.2.1 Procure the most cost-effective drugs in the right quantities

The first strategic objective is that all organizations responsible for procurement should develop an essential drugs list to make sure that only the most cost-effective drugs are purchased. Procedures must also be in place that accurately estimates procurement quantities in order to ensure continuous access to the products selected without accumulating excess stock.

3.3.2.2 Select reliable suppliers of high-quality products

The second objective is that reliable suppliers of high-quality products must be (pre-) selected, and that active quality assurance programs involving both surveillance and testing must be implemented.

3.3.2.3 Ensure timely delivery

The third strategic objective is that the procurement and distribution systems must ensure timely delivery of appropriate quantities to central or provincial stores and adequate distribution to health facilities where the products are needed.

3.3.2.4 Achieve the lowest possible total cost.

The fourth objective is that the procurement and distribution systems must achieve the lowest possible total cost, considering four main components:

- the actual purchase price of drugs;
- hidden costs due to poor product quality, poor supplier performance or short shelf-life;
- inventory holding costs at various levels of the supply system; and
- operating costs and capital loss by management and administration of the procurement and distribution system.

3.4 OPERATIONAL PRINCIPLES FOR GOOD PROCUREMENT

3.4.1 Different procurement functions and responsibilities should be divided among different offices, committees and individuals, each with the appropriate expertise and resources for the specific function.

3.4.1.1 Senior managers must ensure that pharmaceutical procurement is carried out effectively, efficiently and in accordance with the Proclamation and Directive. The health system's procurement office, under various names, is normally responsible for actually managing the procurement function. The procurement office should be responsible for coordinating inputs to achieve the desired result. But in most public sector contexts the reality is that all functions of the drug procurement process are entirely in the hands of one office or official.

3.4.1.2 A number of key procurement functions typically require different expertise and should be separated. Examples include:

- *Drug selection*, which should be done by a national formulary or essential drugs list (EDL) committee. Where such a committee does not exist an ad hoc committee should be set up for this purpose.
- *Quantification of drug requirements*, which should have inputs from the medical stores and/or from district or health facility managers in decentralized systems. However, the procurement office should draw up the final procurement list.
- *Product specifications*, which should be prepared by a standing committee or an ad hoc technical committee.
- *Pre-selection of suppliers*, which should be done by a broad-based Bid Committee composed of managers and technical staff, including quality assurance experts.
- *Adjudication of bids* should be reserved for the bid evaluation committee. Procurement office staff can make technical recommendations but should not have a vote in the contract decision.

3.4.1.3 Pharmaceutical procurement is a specialized professional activity that requires a combination of knowledge, skills and experience. Too often drug supply agencies are staffed by individuals with little or no specific training in pharmaceutical procurement. It is essential, therefore, that staff in key procurement and distribution positions be well trained and highly motivated, with the capability to manage the procurement process effectively. They should have at least one pharmacist as part of its senior staff, in addition to having pharmacists' expertise all along the pharmaceutical procurement chain.

3.4.2 Procurement procedures should be transparent, following formal written procedures throughout the process and using explicit criteria to award contracts.

- 3.4.2.1 Fairness and the perception of fairness are essential to attract the best suppliers and achieve the best prices. When the pharmaceutical tender process is less transparent and even secretive, it tends to be perceived as corrupt or unfair. There may be accusations of unfair influences. Whether true or not, such charges are damaging and suppliers, health care providers and the public lose confidence in the system. Unsuccessful suppliers may feel that they have no chance of winning and consequently withdraw from future tenders. As the pool of potential suppliers decreases to a small set, price competition decreases and procurement prices become much higher than necessary.
- 3.4.2.2 The tender procedures should be transparent. Formal written procedures should be developed and be followed throughout the tender, and explicit criteria should be used to make procurement decisions. Tender adjudication should be done properly and the award of contracts and issuing of orders should be completed within the shortest period of time possible. Information on the tender process and results should be public, to the extent permitted by law.
- 3.4.3 Procurement should be planned properly
- 3.4.3.1 In order to ensure that drugs are available where and when they are needed, drug procurement must be carefully planned. Planners should consider factors such as access to suppliers; funding availability and timing; the number of levels in the logistics system; constraints of time and resources affecting procurement functions such as drug selection, quantification, tendering and contracting; the lead times at various levels of the system; import procedures; customs clearance; and access to transport.

3.5 DRUG SELECTION AND QUANTIFICATION

- 3.5.1 Procurement should be limited to an essential drugs list or national/local formulary list.

No public or private health care system in the world can afford to purchase all drugs circulating in the market within its given budget. Resources are limited and choices have to be made. A limited list of drugs for procurement, based on an essential drugs list or drug formulary, defines which drugs will be regularly purchased and is one of the most effective ways to control drug expenditure. A nationally developed formulary or selection based on the essential drugs concept has been used in both industrialized and developing countries' health systems for more than twenty years. This allows the health system to concentrate resources on the most cost-effective and affordable drugs to treat prevailing health problems. The selection of drugs based on a national formulary or national list allows for concentrating on a limited number of products. Larger quantities may encourage competition and lead to more competitive drug prices. Reducing the number of items also simplifies other supply management activities and reduces inventory-carrying costs.

Some public and private health systems strictly limit procurement to drugs listed on an essential drugs list. However, in most cases some mechanism exists to address special needs, allowing the occasional procurement of non-list drugs after approval by senior officials.

- 3.5.2 Procurement and tender documents should list drugs by their International Nonproprietary Name (INN), or generic name.

The INN is widely accepted as the standard for describing drugs on a procurement list or tender request. Although this is most obviously applicable when purchasing drugs which are available from multiple sources, generic description should also be used when purchasing single source products. When purchasing products which present potential problems with pharmaceutical equivalence or bio-equivalence the procurement request should specify the quality standards but not mention specific brands.

This does not mean that brand-name suppliers should be barred from tender participation; they may offer the most cost-effective product, and in fact may offer more competitive prices for certain branded drugs than generic competitors. However, all drugs supplied to the public health system should be properly labeled in accordance with standards laid down by law (or in accordance with labeling instructions), including the INN featured prominently in addition to the brand name that may be on the label.

- 3.5.3 Order quantities should be based on a reliable estimate of actual need.

An accurate quantification of procurement requirements is needed to avoid stock-outs of some drugs and overstocks of others. In addition, if suppliers believe the estimated procurement quantities are accurate, they are more willing to offer the lowest competitive price on an estimated-quantity supply contract.

Past consumption is the most reliable way to predict and quantify future demand, providing that the supply pipeline has been consistently full and that consumption records are reasonably accurate. Such consumption data must be adjusted in the light of known or expected changes in morbidity patterns, seasonal factors, service levels, prescribing patterns and patient attendance. The downside of basing quantification only on past consumption is that any existing patterns of irrational drug use will be perpetuated. In many countries consumption data are incomplete or do not reflect real demand because the supply pipeline has not always been full and drug use has not always been rational. In such cases the morbidity-based and extrapolated consumption techniques may be used to estimate procurement requirements.

3.6 FINANCING AND COMPETITION

- 3.6.1 Good financial management procedures should be followed to maximize the use of financial resources.

- 3.6.1.1 Potential sources of funds for pharmaceutical procurement include government financing, user fees, health insurance, community co-financing and donor financing. These options vary in terms of their efficiency, equity and sustainability. The most important considerations for procurement are total funds available, adequate access to foreign exchange and the regularity with which funds are available. It is the responsibility of governments and senior managers to establish appropriate and reliable funding for public drug procurement as a high priority, and to implement mechanisms which provide adequate funding on time to support public sector procurement.

- 3.6.1.2 Efficient financial management systems are especially important if funds are limited and procurement priorities must be set. Being able to order drugs when needed and to pay for them on delivery has a very positive effect on reducing both prices and stock-outs and on increasing supplier confidence in the procurement system. Prompt, reliable payment can have as great an influence on bringing down drug prices as bulk discounts.
- 3.6.1.3 Financial mechanisms such as decentralized drug purchasing accounts may help the procurement cycle to operate independently of the treasury cycle. Revolving drug funds can help achieve this separation by establishing their own bank accounts and their own working capital.
- 3.6.2 Procurement Quantities
 - 3.6.2.1 Larger procurement volume makes favorable prices and contract terms more likely, by increasing suppliers' interest in bidding and by providing them with an incentive to offer a competitive price. A higher volume for single items may be achieved through pooling of procurement volume from many facilities or from several districts, by restriction of the drug list or by elimination of duplication within therapeutic categories.
 - 3.6.2.2 In decentralized procurement programs, one way to sustain volume is to negotiate prices centrally for a list of essential drugs and allow provinces, districts or health facilities to order the drugs as needed from the contract supplier. These strategies allow for optimal use of available storage and transport capacity, facilitate inventory management and ease cash flow constraints.
- 3.6.3 Competitive procurement methods
 - 3.6.3.1 There are four main methods for purchasing drugs. Three of them are competitive: restricted tenders, open tenders and competitive negotiations. Fourth method is direct negotiation with a single supplier. Since inducing supplier competition is a primary key to obtaining favorable pricing, the public sector should use competitive methods for all but very small or emergency purchases. This assumes, of course, that there are multiple suppliers for the items needed.
 - 3.6.3.2 As long as drug quality and service reliability are assured, competition should be increased to the point at which drug prices are as low as possible. The "rule-of-five" for pharmaceutical pricing holds that generic prices generally reach their minimum when there are at least five generic alternatives on the market and that prices in tendering systems are at their lowest where there are at least five bids per item; adding more bids generally does not result in further lowering of prices.

- 3.6.3.3 In situations where most or all of the products in a therapeutic category are single-source or branded products, the number of different drugs in a therapeutic category can be reduced through cost-effectiveness analysis. Competition can be induced by therapeutic class tendering. For example, among the newer antibiotics there may be several which are therapeutically similar, at least for specific indications. A therapeutic class tendering mean that offers are requested on two, three or more therapeutically similar but generically different products.
- 3.6.3.4 The selection of the most cost-effective drugs within a therapeutic category should be done by the national essential drugs committee, not by the procurement office.
- 3.6.4 Members of the purchasing groups should purchase all contracted items from the supplier(s) which hold(s) the contract.
- 3.6.4.1 Except in those systems where each health facility negotiates prices and purchases drugs individually, public pharmaceutical procurement systems are seen as purchasing groups. Normally, group purchasing achieves lower prices than would be available to the same group of health facilities if they purchased individually. These discounts are based on the fact that facilities which are part of the purchasing group will purchase contract items only from the selected contract supplier, as long as that supplier is able to perform. This is called sole-source commitment. If group members are free to make separate deals for contract items with other suppliers at will, the suppliers who participate in tenders will have little incentive to offer the best possible discounts to the purchasing group.
- 3.6.4.2 Sole-source commitment must be monitored and enforced. Monitoring is particularly important in systems where prices are negotiated centrally and ordering is done by individual health facilities. Suppliers that do not win contracts in a competitive tender may offer more competitive prices on a short-term basis in an attempt to split the purchasing group. If group members do not resist such price dumping, the prices at subsequent tenders will rise to previous unfavorable high levels.

3.7 SUPPLIER SELECTION AND QUALITY ASSURANCE

- 3.7.1 Prospective suppliers should be pre-qualified, and selected suppliers should be monitored through a process which considers product quality, service reliability, delivery time and financial viability.
- 3.7.2 Pre- and post-qualification procedures help to eliminate substandard suppliers, if properly managed. Pre-qualification is the procedure of evaluating supplier capacity and reputation before bids are solicited for specific products. This is the preferred procedure, especially for ongoing drug procurement systems. Although substantial time is required to establish an initial list of pre-qualified suppliers, once this has been done the lowest pre-qualified tender for each product is deemed to be qualified, which expedites adjudication and contract award. Post-qualification evaluates the suppliers after bids have been received. If there are numerous offers from unknown suppliers there may be long delays in awarding contracts, as it will be necessary to validate suppliers' capacity to supply good-quality products.

Most established procurement systems use some form of restricted tender with pre-qualification, soliciting bids only from suppliers that have been pre-qualified. Procurement systems using restricted tenders with pre-qualification should make continuous efforts to seek out potential new suppliers in order to maintain competitive pressure on established suppliers that had been pre-qualified previously. Drug regulatory authorities may provide relevant information regarding new suppliers.

- 3.7.3 The process for evaluating new suppliers can include formal registration, formal inspection, and reference checks with past clients and international agencies, test purchases in small quantities and informal local information-gathering.

In addition to using pre or post-qualification procedures, successful public bodies ensure continued good supplier performance through a formal monitoring system which tracks lead time, compliance with contract terms, partial shipments, quality of drugs, remaining shelf-life, compliance with packaging and labeling instructions, etc. A cumulative file for each supplier should have copies of registration papers, references, special correspondence, complaints and other anecdotal supplier information. The information system should track chronologically the number and value of tender contracts awarded, and the value of total purchases from the supplier by year and performance for each tender.

3.8 ASSURANCE OF HIGH QUALITY OF THE PROCURED DRUGS

- 3.8.1 Four components make up an effective quality assurance system:

3.8.1.1 selecting reliable suppliers of quality drugs;

3.8.1.2 using existing mechanisms, such as the WHO Certification Scheme on the quality of Pharmaceutical Products Moving in International Commerce;

3.8.1.3 establishing a program of product defect reporting; and

3.8.1.4 performing targeted quality control testing.

- 3.8.2 When using new suppliers whose products are not familiar in the Federal Democratic Republic of Ethiopia, the procurement system must be particularly alert to product quality issues.

Table 1: Procurement Methods

PROCUREMENT METHOD		PHARMACEUTICAL	VACCINES	CONTRACEPTIVES	NUTRITIONAL SUPPLEMENTS	MEDICAL EQUIPMENT
International Competitive Bidding (ICB)	Use	For multi-source products. Essential drugs not on patent.	Not recommended.	For multi-source products. Condoms.	For multi-source products. Larger contracts covering supplements with a longer shelf life (more than three months).	For multi-source products.
	Market Situation	Multiple manufacturers or suppliers. Value of procurement sufficiently high to attract a number of bids.	Too few reputable manufacturers.	Multiple manufacturers or suppliers. Value of procurement sufficiently high to attract a number of bids.	Multiple manufacturers or suppliers. Value of procurement sufficiently high to attract a number of bids.	Multiple manufacturers or suppliers. Value of procurement sufficiently high to attract a number of bids.
Limited International Bidding (LIB)	Use	Special pharmaceuticals (see attachment 1).	Recommended	For those methods of contraception with only a few manufacturers; IUDs, some formulations of OCs.	Recommended	Acceptable
	Market Situation	Limited number of international manufacturers.	Limited number of manufacturers.	Limited number of manufacturers.	Limited number of manufacturers.	Limited number of manufacturers
National Competitive Bidding (NCB)	Use	Small volumes of essential drugs.	There are very few satisfactory manufacturers.	Limited use. Very few countries have even a single manufacturer of contraceptives.	Small contracts. For most processed nutritional supplements (which can have shelf life as short as three months).	Limited use.
	Market Situation	A number of qualified local manufacturers or authorized agents of international manufacturers or licensed wholesale importers.	Major difficulty in ensuring quality through in-country suppliers.	A number of authorized agents of international manufacturers or licensed wholesale importers.	A number of qualified authorized agents of international manufacturers or licensed wholesale importers.	A number of qualified local manufacturers or authorized agents of international manufacturers or licensed wholesale importers.
International/ National Shopping	Use	Smaller volume procurements. Specialized, proprietary and special tropical disease drugs. Drugs with very limited shelf life (i.e., 12 months or less).	For small-volume procurements.	Injectable, some oral contraceptives.	For small-volume procurements.	Smaller volume procurements.
	Market Situation	Limited number of manufacturers.	Limited number of manufacturers.	Limited number of manufacturers.	Limited number of manufacturers.	Limited number of manufacturers.

PROCUREMENT METHOD		PHARMACEUTICAL	VACCINES	CONTRACEPTIVES	NUTRITIONAL SUPPLEMENTS	MEDICAL EQUIPMENT
Direct Contracting	Use	Single-source products. Emergency supply.	For single-source vaccines. Vaccines with very limited shelf life (i.e., 12 months or less). Emergency supply.	Single-source products. Implants. Emergency supply.	Single-source products. Emergency supply.	Single-source products. Emergency supply.
	Market Situation	Single manufacturer for the product.	Single manufacturer of product worldwide.	Single manufacturer.	Single manufacturer.	Single manufacturer.
	Implementing agency procurement expertise: Knowledge of sources; negotiating skills.					
UN Agency as Supplier	Use	For emergency supply; low/poor implementing agency procurement capacity. UN agency follows Bank regulations for procurement.	For emergency supply; low/poor implementing agency procurement capacity; to take advantage of Vaccine Independence Initiative; UN agency follows Bank regulations for procurement.	For emergency supply; low/poor implementing agency procurement capacity. UN agency follows Bank regulations for procurement.	For emergency supply; low/poor implementing agency procurement capacity. UN agency follows Bank regulations for procurement.	For emergency supply; low/poor implementing agency procurement capacity. UN agency follows Bank regulations for procurement.
	Market Situation	Existence of UN agency undertaking regular drug procurement (UNICEF).	Existence of a UN agency undertaking regular vaccine procurement.	Existence of a UN agency undertaking regular contraceptive procurement	Existence of UN agency undertaking regular food supplement's procurement (WHO, UNICEF).	Existence of UN agency undertaking regular medical equipment procurement (UNICEF and UNFPA).
	Implementing agency procurement expertise: Straightforward contracting; consultant contract management.					
Procurement Agent	Use	Very limited procurement capacity at implementing agency.	For emergency supply; cases where implementing agency lacks procurement expertise.	Very limited procurement capacity at implementing agency.	Very limited procurement capacity at implementing agency.	Very limited procurement capacity at implementing agency.
	Market Situation	Existence of suitable qualified and experienced procurement agent for required pharmaceuticals.	Existence of suitable qualified and experienced procurement agent for required vaccines.	Existence of suitable qualified and experienced procurement agent for required contraceptives.	Existence of suitable qualified and experienced procurement agent for required nutritional supplements.	Existence of suitable qualified and experienced procurement agent for required medical equipment.
	Implementing agency procurement expertise: Ability to monitor/supervise procurement agent; consultant contract management.					

4 PROCUREMENT OF VEHICLES AND SPARE PARTS

4.1 PROCUREMENT OF VEHICLES

- 4.1.1 The procurement of vehicles is carried out by consolidating the Government's annual requirements.
- 4.1.1.1 The procurement of vehicles on behalf of all Federal Government public bodies shall be carried out by the Federal Road Transport Authority.
- 4.1.1.2 Public bodies shall notify the Federal Road Transport Authority of their annual vehicle procurement needs by 30th Hamle each year.
- 4.1.1.3 The Federal Road Transport Authority shall prepare detailed specifications, organize and place the bids for purchase, evaluate bids that they receive, select the successful bidder, and notify by a letter to all bidders the result of the bid. After the period for submission of complaints sign the framework contract with the successful supplier. Notify the appropriate public body the successful Bidder, the specification and selling price to enable it sign the specific contract with the supplier.
- 4.1.1.4 Public bodies are responsible for signing special contract with the successful supplier and for taking delivery of the Vehicles, according to the recommendations of the Road Transport Authority, upon payment of the contract price.
- 4.1.1.5 Where the head of the public body determines that there is a pressing need in which delay would create serious problems and upon securing the approval of the Procurement Agency, the entity may procure such a vehicle based on the recommendation of the Road Transport Authority.

4.2 SPARES ACCOMPANYING NEW EQUIPMENT

- 4.2.1 Spare parts can be purchased from the original manufacturer of equipment which was procured by the public body, independent manufacturers of spare parts, or spare parts dealers. Generally, spare parts in sufficient quantity to cover at least the warranty period should be ordered with new equipment, to obtain the manufacturer's experience on the quantity of spares required, and protect the public body from a supplier renegeing on his warranty liability on grounds of use by the public body of unauthorized spares. By calling for spares as part of the bid for equipment, the public body is likely to get better prices and ensure the availability of spares from the start of the operations. Public bodies are advised to exercise care in order to ensure that they do not overstock spare parts which have a slow turnover.
- 4.2.2 Bidding documents for new equipment may require bidders to state the pricing policy for spare parts that will apply over a specified period after purchase of the equipment—usually between five to ten years, depending on the type of equipment.

4.3 SPARES FOR EQUIPMENT IN USE

4.3.1 Procurement of spare parts for equipment in use for which the warranty has expired will generally be limited to qualified suppliers, though International Competitive Bidding for large amounts of general spare parts that are manufactured by many firms (non-proprietary spares). Restricted bidding or request for quotations from established domestic and foreign manufacturers or dealers may also be used. Restricted bidding or direct contracting may be used for critical or special items that are available in suitable quality only from the original or few suppliers (proprietary spares). The method of procurement must be in accordance with the Proclamation and Directive.

4.4 SAMPLE OF TECHNICAL SPECIFICATIONS FOR VEHICLES

GENERAL INFORMATION	
Type	
Passengers	
Doors	
PRICE	
Price	
Transport and PDI	
MECHANICAL	
Engine	
HP (hp@rpm)	
Torque (lb.ft@rpm)	
Drivetrain	
Transmission	
Opt. Transmission #1	

Opt. Transmission #2	
Brakes	
ABS	
Power Steering	
Front Suspension	
Rear Suspension	
WHEELS AND TIRES	
Tires	
Wheel Type	
PERFORMANCE	
Maximum Speed (km/h)	
Acceleration 0-100 km/h (s)	
SECURITY	
Driver Airbag	
Passenger Airbag	
Side Airbags	
Side Curtains	
Traction Control	
Stability Control	

Alarm System	
SEATS	
Trim	
Heated Seats	
COMFORT AND CONVENIENCE	
Air Conditioning	
Cruise Control	
Power Locks	
Remote Keyless Entry	
Power Windows	
Power Mirrors	
Adjustable Steering	
Sunroof	
SOUND SYSTEM	
AM/FM Radio	
with cassette	
with CD	
FUEL CONSUMPTION	
Manual Transmission city / highway (L/100 km)	

Automatic Transmission city / highway (L/100 km)	
DIMENSIONS, CAPACITY AND WEIGHT	
Length (mm)	
Width (mm)	
Height (mm)	
Wheelbase (mm)	
Curb weight (kg)	
Trunk Size (L)	
Fuel Tank Capacity (L)	
Gross Vehicle Weight Rating (kg)	
CO2 EMISSIONS	
WARRANTIES	
General (years / km)	
Power train (years / km)	
Perforation Corrosion (years / km)	

Roadside Assistance (years / km)	
Maintenance (years / km)	
SERVICE AND MAINTENANCE	
Authorized local vehicle service provider	
Local spare parts dealer	

8 APPENDIX 8: STANDARD DOCUMENTS, MANUALS AND FORMS

8.1 AVAILABLE STANDARD BIDDING DOCUMENTS AND MANUALS

During procurement implementation, the Standard Bidding Documents (SBD) and Request for Proposals (RFP) prepared by the PPA have to be used with the appropriate modifications in sections of documents where permitted. Availability of Documents:

	DESCRIPTION	ICB	NCB
1.	Standard Bidding Documents for Procurement of Goods and Related Services;	Yes	Yes
2.	Standard Bidding Documents for Procurement of Works	Yes	Yes
3.	Standard Bidding Documents for Procurement of Non Consultancy Services	Yes	Yes
4.	Standard Request for Proposals Document for Procurement of Consultancy Services	Yes	Yes
5.	Prequalification Standard Document for Procurement of Works	Yes	Yes
6.	Standard Bidding Documents for Procurement of Goods and Related Services customized to meet requirements of Framework Agreements	Yes	Yes
7.	Standard Bidding Documents for Procurement of Non-Consultancy Services customized to meet requirements of Framework Agreements	Yes	Yes
8.	Standard Bidding Documents for Procurement of Textbooks and Related Services;	Yes	Yes
9.	Standard Bidding Documents for Procurement of Health Sector Goods and Related Services;	Yes	Yes
10	Standard Bidding Documents for Supply and Installation of Information Systems;	Yes	Yes
11	Manual on the Use of Framework Agreements	n/a	n/a
12	Manual on Public Procurement Complaint Procedure	n/a	n/a
13	Public Procurement Audit Manual	n/a	n/a
14	Guide to Capacity Building and Development Needs Mapping	n/a	n/a

8.2 SAMPLE INVITATION TO BID FORM

Invitation to Bid

Place and Date

Procurement Reference Number:

1. The having legal address at

P.O. Box:	
Street Address:	
Town/City:	
Post Code:	
Country:	

2. The now invites sealed bids from eligible and qualified bidders for .
3. The delivery period is .
4. Bidding will be conducted through the and is open to all bidders from Eligible Source Countries as defined in the Bidding Documents.
5. Interested eligible bidders may obtain further information from and inspect the Bidding Documents at the address given below from .
6. Qualifications requirements include: . A margin of preference for goods manufactured in Ethiopia and local companies engaged in construction or consultancy services be applied. Additional details are provided in the Bidding Documents.
7. A complete set of Bidding Documents in may be purchased by interested bidders on the submission of a written Application to the address below and upon payment of a non refundable fee or in . The method of payment will be [. The Bidding Documents will be sent by .
8. Bids must be delivered to the address below at or before [. Late bids will be rejected.
9. Bids will be opened in the presence of the bidders' representatives who choose to attend in person at the address below at .
10. All bids must be accompanied by a Bid Security of or an equivalent amount in a freely convertible currency.
11. The reserves the right to reject any bid and to annul the bidding process and reject all bids at any time prior to contract award, without thereby incurring any liability to Bidders.
12. The address referred to above is:

Public Body:	
Authorized Representative:	
Room Number	
P.O. Box:	

Street Address:	
Town/City:	
Post Code:	
Country:	Ethiopia

8.3 SAMPLE LETTER OF NOTIFICATION OF AWARD FORM

**Addis Ababa
Ethiopia**

Place and Date Procurement Reference Number:

To:

Subject: Notification of Award Procurement No.

Dear Sir/ Madam,

This is to notify you that your Bid dated for execution of the for the accepted total contract amount of the equivalent of , as corrected and modified in accordance with the Instruction to Bidders is hereby accepted by the For the due performance of the Contract, you are requested to furnish the Performance Security within fifteen (15) days from signing the contract in the amount of , using for that purpose the Performance Security Form included in Section 9 of the Bidding Document.

This Notification of Award doesn't constitute a contract between you and . A contract shall be deemed to have been concluded between you and only where a contract containing detailed provisions governing the execution of the procurement in issue is signed by both parties.

Please acknowledge receipt of this letter of notification signifying your acceptance.

You may contact the officer whose particulars appear below on the subject matter of this letter of notification of award.

SIGNED for and on behalf of

Authorized Signature:

Name:

Position:

Date:

8.4 MINUTES ON THE PUBLIC OPENING OF BIDS

Pursuant to the ITB Clause of the Bidding Document and the Decision on the Appointment of the Bid Opening Team dated , the Bid Opening Team has completed the procedure of public opening of bids for the following procurement procedure:

Procurement Reference Number:	
Subject of Procurement:	
Procurement Method:	
Type of Contract:	
Date of Issue of Bidding Document:	

I) Timetable of Activities

The following Timetable applied to this procurement procedure:

	Activity	Date	Time
1.	Date of Publication of the Invitation to Bid		
2.	Deadline for Written Questions/Clarifications		
3.	Written Responses to Questions/Clarifications		
4.	Pre-Bid Conference		
5.	Modifications to Bidding Documents		
6.	Deadline for Submission of Bids		
7.	Bid Opening Session		

II) Bid Opening Team

The Bid Opening Team comprised of the following members:

	Title	Name and Surname	Position / Title
1.	Head		
2.	Member		
3.	Member		

III) Pre-Bid Opening Proceedings

- i. Prior to the commencement of the bid opening procedures the Head of Bid Opening Team has confirmed that:
 - ✓ All member of the Bid Opening Team have signed the Statement on Confidentiality and Non-Existence of Conflict of Interest;
 - ✓ The Check List on the procedure of the Public Opening of Bids has been prepared;
 - ✓ Designated member of the Bid Opening Team has submitted the Report on Bids Submission that is based on information recorded in the Bid Register Book;

- ✓ The procurement initiator and internal auditor as independent party will witness the bid opening ceremony;
- ✓ The bid box has remained unopened until the commencement of the bid opening procedures as specified in ITB Sub-clause 26.1.
- ii. The Head of Bid Opening Team has checked and verified the authorizations of bidders' representatives attending the bid opening ceremony
- iii. Bid Opening Team has prepared an Attendance Sheet of the following authorized bidders' representatives:

List of bidders' representatives attending the bid opening ceremony

No. of Bidder's Envelope	Complete Name and Address of the Seat of the Bidder	Name and Surname of Bidder's Representative	Evidence of Authorization
			Yes: <input type="checkbox"/> No: <input type="checkbox"/>
			Yes: <input type="checkbox"/> No: <input type="checkbox"/>
			Yes: <input type="checkbox"/> No: <input type="checkbox"/>
			Yes: <input type="checkbox"/> No: <input type="checkbox"/>
			Yes: <input type="checkbox"/> No: <input type="checkbox"/>

- iv. The Head of the Bid Opening Team has confirmed that all bidders' representatives attending the bid opening procedure have signed Attendance Sheet.
- v. The Bid Opening Team has prepared the following List of representatives from mass-media and other interested observers attending the bid opening ceremony:

List of representatives from mass-media and other interested observers

	Institution / Mass Media	Name and Surname	Signature
1			
2			
3			

IV) Bid Box Opening Proceedings

- i. The Head of Procurement Unit and the Head of Internal Audit has opened the bid box in the presence of Bid Opening Team and authorized representatives of bidders.
- ii. The Bid Opening Team has removed the documents from the bid box and checked that the bid box is empty.
- iii. The Bid Opening Team has verified if all bid envelopes are received and marked with numbers in the order in which they are received.
- iv. The members of the Bid Opening Team has prepared a comprehensive list of bids in the order in which they were received containing the following information:

List of bids in the order in which they were received

No. of Bidder's Envelope	Complete Name and Address of the Seat of the Bidder	Date and Time when Bid is Received	Received by:	Received Within Deadline?
				Yes: <input type="checkbox"/> No: <input type="checkbox"/>

No. of Bidder's Envelope	Complete Name and Address of the Seat of the Bidder	Date and Time when Bid is Received	Received by:	Received Within Deadline?
				Yes: <input type="checkbox"/> No: <input type="checkbox"/>
				Yes: <input type="checkbox"/> No: <input type="checkbox"/>
				Yes: <input type="checkbox"/> No: <input type="checkbox"/>
				Yes: <input type="checkbox"/> No: <input type="checkbox"/>
				Yes: <input type="checkbox"/> No: <input type="checkbox"/>

V) Proceedings on Requests for Bid Withdrawal

- i. The Bid Opening Team has checked whether submitted Requests for bid withdrawal are duly signed by an authorized representative and include a copy of the authorization in accordance with ITB Sub-Clause 24.2.
- ii. The Bid Opening Team has read out Request for withdrawal notices, marked the respective bid envelopes "WHITHDRAWAL", and returned unopened envelopes to the bidders.
- iii. The Bid Opening Team has created the following list of the bidders that have withdrawn their bids:

List of bidders that have withdrawn their bids

No. of Bidder's Envelope	Complete Name and Address of the Seat of the Bidder	Request No.	Date of Submission	Reason for Withdrawal (if known)

VI) Proceedings on Requests for Bid Substitution

- i. The Bid Opening Team has checked whether submitted Requests for bid substitution are duly signed by an authorized representative and include a copy of the authorization in accordance with ITB Sub-Clause 24.2.
- ii. The Bid The Bid Opening Team has read out Request for withdrawal notices, marked the respective bid envelopes "SUBSTITUTION", exchanged them with the corresponding bid being substituted, and returned unopened substituted bids to the bidders.
- iii. The Bid Opening Team has created a list of the bidders that have substituted their bids.

List of bidders that have substituted their bids

No. of Bidder's Envelope	Complete Name and Address of the Seat of the Bidder	Request No.	Date of Submission	Reason for Substitution (if known)

VII) Proceedings on Requests for Bid Modification

- i. The Bid Opening Team has checked whether submitted Requests for bid modification are duly signed by an authorized representative and include a copy of the authorization in accordance with ITB Sub-Clause 24.2.
- ii. The Bid Opening Team has read out Request for modification notices and marked the respective bid envelopes "MODIFICATION".
- iii. The Bid Opening Team has created a list of the bidders that have modified their bids.

List of bidders that have modified their bids

No. of Bidder's Envelope	Complete Name and Address of the Seat of the Bidder	Request No.	Date of Submission	Reason for Modification (if known)

VIII) Bid Opening Proceedings

- i. The Bid Opening Team has opened each bid, stamped each bid with a date stamp or wrote on the document the date of the opening, and initialed each page of bids received to add a further security element, preventing pages being changed in the future.
- ii. The Bid Opening Team has read out the name of the each bidder, and whether there is a modification, the alternative bids, the bid price and any rebate offered by that bidder and the bidder's conditions for such rebate, the amount and kind of bid security.
- iii. All attending authorized bidders' representatives have confirmed the accuracy of the bid price and any discount offered for their bid.
- iv. The members of the Bid Opening Team have prepared a final list of all bids that will enter bid evaluation procedure.

List of bidders that will enter bid evaluation procedure

No. of Bidder's Envelope	Complete Name and Address of the Seat of the Bidder	Bid Price in	Rebate Offered	Conditions of Rebate	Bid Security

IX) Certification of the Minutes

i. Signatures of Members of the Bid Opening Team

	Bid Opening Team	Name and Surname	Signature
1	Head		
2	Member		
3	Member		

ii. Bidders' Remarks

Authorized bidders' representatives have reviewed Minutes on the Public Opening of Bids and gave the following remarks:

--

iii. Signatures of the Present Authorized Representatives of Bidders

No. of Bidder's Envelope	Complete Name and Address of the Seat of the Bidder	Name and Surname of Bidder's Representative	Signature

iv. Signatures of the Present Authorized Officials

	Authorized Officials	Name and Surname	Signature
1.	Procurement Initiator		
2.	Internal Auditor		

v. The integral parts of the Minutes on the Public Opening of Bids are the following attachments:

- 1. Report on Bids Submission;**
- 3. Check List on the Procedure on the Public Opening of Bids; and**
- 4. Statement on Confidentiality and Non-Existence of Conflict of Interest**

vi. First bid opened on at .

vii. Procedure of Public Opening of Bids completed on at .

viii. Minutes prepared by:

Name and Surname	Signature	Date
Attachments: As stated above		

8.5 CHECK LIST ON THE PROCEDURE OF THE PUBLIC OPENING OF BIDS⁷

Procurement Reference Number:	
Subject of Procurement:	
Procurement Method:	
Type of Contract:	
Date of Issue of Bidding Document:	

No	Check List Activities	Requirement Met
1.	The Head of has appointed at least three employees as members of the Bid Opening Team.	Yes: <input type="checkbox"/> No: <input type="checkbox"/>
2.	All members of the Bid Opening Team have signed Statement on Confidentiality and Non-Existence of Conflict of Interest.	Yes: <input type="checkbox"/> No: <input type="checkbox"/>
3.	The Head of Procurement Unit has assigned one member of the Bid Opening Team to <ul style="list-style-type: none"> • collect bid documents submitted by bidders as of the day of publication of the invitation to bid; • mark bids with ordinal numbers in order in which they are received; • record bids in the Bid Register Book noting the time and date of bid submission and name of person who received bid to ensure the completeness of bids submitted and none are misplaced by recipient; • if bid is opened in error or because it was not properly labeled immediately seal bid into an envelope, correctly label and sign the envelope, complete the Bid Register Book; • deposit unopened bids into the bid box; • register in the Bid Register Book all requests for bid withdrawal, substitution or modification; and • prepare Report on Bids Submission. 	Yes: <input type="checkbox"/> No: <input type="checkbox"/>
4.	The Head of Procurement Unit has provided a secure clearly marked bid box for bid submission which allows large envelopes to be lodged, but which does not permit access to the contents.	Yes: <input type="checkbox"/> No: <input type="checkbox"/>
5.	The bid box has been properly locked with padlock and the key to padlock has been kept by the Head of Procurement Unit.	Yes: <input type="checkbox"/> No: <input type="checkbox"/>
6.	The duplicate key to padlock has been lodged at the Head of 's office.	Yes: <input type="checkbox"/> No: <input type="checkbox"/>

⁷ The checklist is provided to assist Bid Opening Team to ensure that all key information has been complied. The list is not exhaustive and should not be relied upon as the sole quality check.

No	Check List Activities	Requirement Met
7.	The bid box has been located at the address specified in ITB Sub-clause 26.1.	Yes: <input type="checkbox"/> No: <input type="checkbox"/>
8.	Designated member of the Bid Opening Team has issued a stamped receipt to all bidders indicating the time and date on which the bid documents was submitted.	Yes: <input type="checkbox"/> No: <input type="checkbox"/>
9.	Designated member of the Bid Opening Team has recorded bids in the Bid Register Book noting the time and date of bid submission, marked bids with ordinal numbers in order in which they are received, and deposit unopened bids into the bid box.	Yes: <input type="checkbox"/> No: <input type="checkbox"/>
10.	Designated member of the Bid Opening Team has refused to accept any bid submission after the deadline for the submission of bids specified in ITB Sub-clause 26.1.	Yes: <input type="checkbox"/> No: <input type="checkbox"/>
11.	The bid box has remained unopened until after the deadline for the submission of bids specified in ITB Sub-clause 26.1.	Yes: <input type="checkbox"/> No: <input type="checkbox"/>
12.	The procurement initiator and internal auditor as independent party have been invited to witness the bid opening ceremony.	Yes: <input type="checkbox"/> No: <input type="checkbox"/>
13.	The authorizations of bidders' representatives attending the bid opening ceremony have been verified by the Bid Opening Team.	Yes: <input type="checkbox"/> No: <input type="checkbox"/>
14.	Bid Opening Team has prepared an attendance sheet of the authorized bidders' representatives.	Yes: <input type="checkbox"/> No: <input type="checkbox"/>
15.	Authorized bidders' representatives attending the bid opening procedure have signed attendance sheet.	Yes: <input type="checkbox"/> No: <input type="checkbox"/>
16.	The Bid Opening Team has registered representatives from mass-media and other interested observers attending the bid opening ceremony.	Yes: <input type="checkbox"/> No: <input type="checkbox"/>
17.	The Bid Opening Team has opened the bid box at the scheduled closing time for a bid submission in the presence of Bid Opening Team and authorized representatives of bidders.	Yes: <input type="checkbox"/> No: <input type="checkbox"/>
18.	The Bid Opening Team has removed the documents from the bid box and checked that the bid box is empty.	Yes: <input type="checkbox"/> No: <input type="checkbox"/>
19.	The Bid Opening Team has taken the bids to a secure location.	Yes: <input type="checkbox"/> No: <input type="checkbox"/>
20.	The Bid Opening Team has verified if all bid envelopes are received and marked with numbers in the order in which they are received.	Yes: <input type="checkbox"/> No: <input type="checkbox"/>
21.	The members of the Bid Opening Team has prepared a comprehensive list of bids in the order in which they were received containing the following information:	Yes: <input type="checkbox"/> No: <input type="checkbox"/>
	i) Registration number of bid from Bid Register Book;	Yes: <input type="checkbox"/> No: <input type="checkbox"/>
	ii) Time and date of bid submission;	Yes: <input type="checkbox"/> No: <input type="checkbox"/>
	iii) Complete name and address of the bidder;	Yes: <input type="checkbox"/> No: <input type="checkbox"/>

No	Check List Activities	Requirement Met	
	iv) Name of person who has received bid.	Yes: <input type="checkbox"/>	No: <input type="checkbox"/>
22.	The Bid Opening Team has checked whether submitted Requests for bid withdrawal are duly signed by an authorized representative and include a copy of the authorization in accordance with ITB Sub-Clause 24.2.	Yes: <input type="checkbox"/>	No: <input type="checkbox"/>
23.	The Bid Opening Team has read out Request for withdrawal notices, marked the respective bid envelopes "WHITHDRAWAL", and returned unopened envelopes to the bidders.	Yes: <input type="checkbox"/>	No: <input type="checkbox"/>
24.	The Bid Opening Team has created a list of the bidders that have withdrawn their bids.	Yes: <input type="checkbox"/>	No: <input type="checkbox"/>
25.	The Bid Opening Team has checked whether submitted Requests for bid substitution are duly signed by an authorized representative and include a copy of the authorization in accordance with ITB Sub-Clause 24.2.	Yes: <input type="checkbox"/>	No: <input type="checkbox"/>
26.	The Bid Opening Team has read out Request for withdrawal notices, marked the respective bid envelopes "SUBSTITUTION", exchanged them with the corresponding bid being substituted, and returned unopened substituted bids to the bidders.	Yes: <input type="checkbox"/>	No: <input type="checkbox"/>
27.	The Bid Opening Team has created a list of the bidders that have substituted their bids.	Yes: <input type="checkbox"/>	No: <input type="checkbox"/>
28.	The Bid Opening Team has checked whether submitted Requests for bid modification are duly signed by an authorized representative and include a copy of the authorization in accordance with ITB Sub-Clause 24.2.	Yes: <input type="checkbox"/>	No: <input type="checkbox"/>
29.	The Bid Opening Team has read out Request for modification notices and marked the respective bid envelopes "MODIFICATION".	Yes: <input type="checkbox"/>	No: <input type="checkbox"/>
30.	The Bid Opening Team has created a list of the bidders that have modified their bids.	Yes: <input type="checkbox"/>	No: <input type="checkbox"/>
31.	The Bid Opening Team has opened each bid, stamped each bid with a date stamp or wrote on the document the date of the opening, and initialed each page of bids received to add a further security element, preventing pages being changed in the future.	Yes: <input type="checkbox"/>	No: <input type="checkbox"/>
32.	The Bid Opening Team has read out the name of the each bidder, and whether there is a modification, the alternative bids, the bid price and any rebate offered by that bidder and the bidder's conditions for such rebate, the amount and kind of bid security.	Yes: <input type="checkbox"/>	No: <input type="checkbox"/>
33.	The members of the Bid Opening Team have prepared a final list of all bids that will enter bid evaluation procedure.	Yes: <input type="checkbox"/>	No: <input type="checkbox"/>
34.	The Bid Opening Team has recorded the Minutes of the Bid Opening Procedure.	Yes: <input type="checkbox"/>	No: <input type="checkbox"/>
35.	All attending authorized bidders' representatives have signed the Minutes of the Bid Opening Procedure confirming the accuracy of	Yes: <input type="checkbox"/>	No: <input type="checkbox"/>

No	Check List Activities	Requirement Met
	the bid price and any discount offered for their bid.	
36.	All Bid Opening Team's members have signed the Minutes of the Bid Opening Procedure.	Yes: <input type="checkbox"/> No: <input type="checkbox"/>
37.	All attending authorized representatives signed the Minutes of the Bid Opening Procedure.	Yes: <input type="checkbox"/> No: <input type="checkbox"/>

	Bid Opening Team	Name and Surname	Signature
4.	Head		
5.	Member		
6.	Member		
Check List completed by:			
	Name and Surname	Signature	Date

8.6 BID OPENING ATTENDANCE SHEET

Procurement Reference Number:	
Subject of Procurement:	
Procurement Method:	
Type of Contract:	
Date of Issue of Bidding Document:	
Bid Opening Ceremony	

IV) List of bidders' representatives attending the bid opening ceremony

No. of Bidder's Envelope	Complete Name and Address of the Seat of the Bidder	Name and Surname of Bidder's Representative	Evidence of Authorization
			Yes: <input type="checkbox"/> No: <input type="checkbox"/>
			Yes: <input type="checkbox"/> No: <input type="checkbox"/>
			Yes: <input type="checkbox"/> No: <input type="checkbox"/>
			Yes: <input type="checkbox"/> No: <input type="checkbox"/>
			Yes: <input type="checkbox"/> No: <input type="checkbox"/>
			Yes: <input type="checkbox"/> No: <input type="checkbox"/>
			Yes: <input type="checkbox"/> No: <input type="checkbox"/>

V) List of representatives from mass-media and other interested observers

	Institution / Mass Media	Name and Surname	Signature
4.			
5.			
6.			

VI) Remarks (if needed)

--

Attendance Sheet prepared by:

Name and Surname	Signature	Date

8.7 REPORT ON BIDS SUBMISSION

Procurement Reference Number:	
Subject of Procurement:	
Procurement Method:	
Type of Contract:	
Date of Issue of Bidding Document:	

VII) List of Bids Submitted in Accordance with ITB Clause 26.1⁸

No. of Bidder's Envelope	Complete Name and Address of the Seat of the Bidder	Date and Time when Bid is Received	Bids Submitted		
			Sealed	Opened	Damaged
			Yes: <input type="checkbox"/> No: <input type="checkbox"/>	Yes: <input type="checkbox"/> No: <input type="checkbox"/>	Yes: <input type="checkbox"/> No: <input type="checkbox"/>
			Yes: <input type="checkbox"/> No: <input type="checkbox"/>	Yes: <input type="checkbox"/> No: <input type="checkbox"/>	Yes: <input type="checkbox"/> No: <input type="checkbox"/>
			Yes: <input type="checkbox"/> No: <input type="checkbox"/>	Yes: <input type="checkbox"/> No: <input type="checkbox"/>	Yes: <input type="checkbox"/> No: <input type="checkbox"/>
			Yes: <input type="checkbox"/> No: <input type="checkbox"/>	Yes: <input type="checkbox"/> No: <input type="checkbox"/>	Yes: <input type="checkbox"/> No: <input type="checkbox"/>
			Yes: <input type="checkbox"/> No: <input type="checkbox"/>	Yes: <input type="checkbox"/> No: <input type="checkbox"/>	Yes: <input type="checkbox"/> No: <input type="checkbox"/>
			Yes: <input type="checkbox"/> No: <input type="checkbox"/>	Yes: <input type="checkbox"/> No: <input type="checkbox"/>	Yes: <input type="checkbox"/> No: <input type="checkbox"/>
			Yes: <input type="checkbox"/> No: <input type="checkbox"/>	Yes: <input type="checkbox"/> No: <input type="checkbox"/>	Yes: <input type="checkbox"/> No: <input type="checkbox"/>
			Yes: <input type="checkbox"/> No: <input type="checkbox"/>	Yes: <input type="checkbox"/> No: <input type="checkbox"/>	Yes: <input type="checkbox"/> No: <input type="checkbox"/>

- i. Submitted bids are listed in order in which they were received.
- ii. The envelopes of all received bids contain the time and date of bid submission and name of person who received bid. The envelopes are marked with ordinal numbers, in order in which they are received.

VIII) List of Bidders' Requests for Bid Withdrawal, Substitution or Modification

No. of Bidder's Envelope	Complete Name and Address of the Seat of the Bidder	Date and Time when Request is Received	Type of Request		
			Withdrawal	Substitution	Modification
			Yes: <input type="checkbox"/> No: <input type="checkbox"/>	Yes: <input type="checkbox"/> No: <input type="checkbox"/>	Yes: <input type="checkbox"/> No: <input type="checkbox"/>
			Yes: <input type="checkbox"/> No: <input type="checkbox"/>	Yes: <input type="checkbox"/> No: <input type="checkbox"/>	Yes: <input type="checkbox"/> No: <input type="checkbox"/>
			Yes: <input type="checkbox"/> No: <input type="checkbox"/>	Yes: <input type="checkbox"/> No: <input type="checkbox"/>	Yes: <input type="checkbox"/> No: <input type="checkbox"/>

⁸ The names of bidders that have submitted bid shall remain confidential until the opening of bids.

No. of Bidder's Envelope	Complete Name and Address of the Seat of the Bidder	Date and Time when Request is Received	Type of Request		
			Withdrawal	Substitution	Modification
			Yes: <input type="checkbox"/> No: <input type="checkbox"/>	Yes: <input type="checkbox"/> No: <input type="checkbox"/>	Yes: <input type="checkbox"/> No: <input type="checkbox"/>
			Yes: <input type="checkbox"/> No: <input type="checkbox"/>	Yes: <input type="checkbox"/> No: <input type="checkbox"/>	Yes: <input type="checkbox"/> No: <input type="checkbox"/>

IX) Remarks (if needed)

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Minutes prepared by an officer responsible for registration of submitted bids

Name and Surname	Signature	Date

8.8 STATEMENT ON CONFIDENTIALITY AND NON-EXISTENCE OF CONFLICT OF INTEREST

Attn.:

SUBJECT: STATEMENT ON CONFIDENTIALITY AND NON-EXISTENCE OF CONFLICT OF INTEREST

Dear Mr. ,

I, , currently holding position of , as a member of the Bid Opening Team for the following procurement procedure:

Procurement Reference Number:	
Subject of Procurement:	
Procurement Method:	
Type of Contract:	
Date of Issue of Bidding Document:	

and with regard to my obligations in relation to confidentiality and conflict of interest hereby declare that:

I) I agree to

- i.** Treat all matters discussed in connection with bid opening proceedings in absolute confidence. Under no circumstances will the details of other Bids be discussed, disclosed or allowed to be discussed with other Bidders or any other third party which are likely to restrict competition or help bidders to derive unfair advantage or which are detrimental to the interest of the except by order of a competent court or by special permission of the head of the ;
- iii.** Keep the results of the bid opening proceedings confidential even after ceasing involvement with the Bid Opening Team. No information will be discussed, disclosed or allowed to be disclosed to any third party before such information is made public by the ;
- iv.** Use my best judgment and be accountable for the achievement of aims relating to activity described above;
- v.** Demonstrate personal integrity and ethical behavior;
- vi.** Neither accept nor seek to gain any unfair advantage, gift which has monetary value, gratuity or hospitality for myself, or my relative(s) especially from a supplier or a candidate to the ;
- vii.** Not to accept offer of employment for myself or my family from a supplier or a candidate to the ;
- viii.** Not to accept special discount or service in my private transaction with the person who is a supplier or a candidate to the ;
- ix.** Not to accept an invitation from the person who is a supplier or a candidate to the , which is likely to influence my action or decision in relation to my duty; and
- x.** Send all Bids and Bid documents to procurement initiator at the completion of the bid opening process.

II) To the best of my knowledge **I have no conflict of interest** in relation to this procurement procedure other than:

<p>Source of income, Do you have a source of income or reward (other than your appointment stated above) from any commercial party who is a supplier or a candidate to the that could benefit from this procurement procedure?</p>	<p>Yes: <input type="checkbox"/> No: <input type="checkbox"/></p>
<p>Personal interest Do you have any family or social connection with any person employed by the supplier or a candidate to the or engaged by the Bidder to provide any services in connection with the preparation of the bid for this procurement procedure?</p>	<p>Yes: <input type="checkbox"/> No: <input type="checkbox"/></p>
<p>Shareholdings and other business interests Do you have the ownership of shares, investments or any other means or opportunity to acquire any direct or consequential financial gain in relation to this procurement procedure?</p>	<p>Yes: <input type="checkbox"/> No: <input type="checkbox"/></p>
<p>Agreements Do you have any contract, agreement or understanding entered into by you or a member of your immediate family that gives rise to an obligation or an expectation of reward, such as an agreement about future employment in relation to this procurement procedure?</p>	<p>Yes: <input type="checkbox"/> No: <input type="checkbox"/></p>
<p>Other interests: Any other substantial financial or other interest held or accruing to you or a member of your immediate family during the return period of which you are aware which could reasonably raise an expectation of a conflict of interest with your participation in this Bid Opening Team?</p>	<p>Yes: <input type="checkbox"/> No: <input type="checkbox"/></p>
<p>If answer to any of the above questions is Yes, please give details:</p>	

III) This information is true and correct to the best of my knowledge. I declare that as far as I am aware none of these private interests conflict with participation in this Bid Opening Team. I undertake to notify in writing if a conflict or potential conflict arises and to withdraw from this procurement process and to stand down in any decision making process in which I may be compromised.

PERSON MAKING STATEMENT	WITNESS TO SIGNATURE
Name:	Name:
Signature:	Signature:
Position:	Position:
Date:	Date:

8.9 REPORT ON EXAMINATION AND EVALUATION OF BIDS

Procurement Endorsing Committee

SUBJECT: REPORT ON EXAMINATION AND EVALUATION OF BIDS

-REQUEST FOR APPROVAL

Pursuant to the Section 3 - Evaluation Methodology and Criteria of the Bidding Document and Decision on the Appointment of the Ad Hoc Evaluation Committee dated the Evaluation Committee comprised of the following members:

	Title	Name and Surname	Position / Title
1.	Chairperson		
2.	Member		
3.	Member		
4.	Member		
5.	Member		

has completed the process of the examination and evaluation of bids for the following procurement procedure:

I) General Information

Procurement Reference Number:		
Procurement Type		<input type="checkbox"/> Goods <input type="checkbox"/> Services <input type="checkbox"/> Works <input type="checkbox"/> Consultancy
Subject of Procurement:		
Procurement Method:		
Type of Contract:		
Contract Period	Estimated Start Date	
	Estimated End Date	
Estimated Value of the Contract		
Contract Price Adjustment Provisions		
Date of Issue of Bidding Document:		
Method of Advertisement		<input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> Website <input type="checkbox"/> Other

II) Timetable of Activities

The following Timetable applied to this procurement procedure:

	Activity	Date	Time

	Activity	Date	Time
1.	Date of Publication of the Invitation to Bid		
2.	Deadline for Written Questions/Clarifications		
3.	Written Responses to Questions/Clarifications		
4.	Pre-Bid Conference		
5.	Modifications to Bidding Documents		
6.	Deadline for Submission of Bids		
7.	Bid Opening Ceremony		

III) Bid Opening Details

1.	Number of Bids Received	
2.	Number of Bids Withdrawn	
3.	Number of Bids Substituted	
4.	Number of Bids Modified	
5.	Number of Bids Evaluated	

IV) Preliminary Evaluation Proceedings

i. Pre-Evaluation Preparatory Meeting

- ✓ The Chairperson and the members of the Evaluation Committee reviewed Bidding Documents;
- ✓ The Chairperson described the purpose and scope of the procurement procedure concerned, summarized the essential features of the bid procedure to date;
- ✓ The Chairperson identified the person for preparation of Report on Examination and Evaluation of Bids and preparation of files on evaluated bids;
- ✓ The Chairperson briefly explained examination and evaluation methodology and evaluation criteria determined in the Bidding Document;
- ✓ All members of the Evaluation Committee have signed the Statement on Confidentiality and Non-Existence of Conflict of Interest;
- ✓ The Chairperson confirmed that no member of the Evaluation Committee has a conflict of interest or is in any way associated with any of the Bidders submitting bids.

ii. List of bids that Entered Bid Examination and Evaluation Procedure

The Evaluation Committee only considered those bids which were found by the Bid Opening Panel to be suitable for further evaluation. The Minutes on the Public Opening of Bids are attached to this report.

List of bids that entered bid evaluation procedure

No. of Bidder's Envelope	Complete Name and Address of the Seat of the Bidder	Bid Price in	Rebate Offered	Conditions of Rebate	Bid Security

iii. Preliminary Examination of Bids

The Evaluation Committee examined the bids to confirm that all documentary evidence establishing the Bidder's qualification requested in ITB Clause have been provided, and to determine whether bid comply with administrative requirements of the Bidding Document.

The Evaluation Committee used the following administrative compliance grid to assess the compliance of each of the bids with the requirements stipulated in ITB Clause .

	DESCRIPTION	Bidder: Envelope No.	Bidder: Envelope No.	Bidder: Envelope No.
1.	Bidder submitted Written statement by a power of attorney (or notary statement, etc.) proving that the person, who signed the bid on behalf of the company/joint venture/consortium, is duly authorized to do so (ITB Sub-clause);	Yes: <input type="checkbox"/> No: <input type="checkbox"/>	Yes: <input type="checkbox"/> No: <input type="checkbox"/>	Yes: <input type="checkbox"/> No: <input type="checkbox"/>
2.	Original and all copies of the bid are typed or written in indelible ink and signed by a person duly authorized to sign on behalf of the Bidder (ITB Sub-clause);	Yes: <input type="checkbox"/> No: <input type="checkbox"/>	Yes: <input type="checkbox"/> No: <input type="checkbox"/>	Yes: <input type="checkbox"/> No: <input type="checkbox"/>
3.	All pages of the bid, except for non-amended printed descriptive literature, are signed or initialled by the person signing the bid (ITB Clause);	Yes: <input type="checkbox"/> No: <input type="checkbox"/>	Yes: <input type="checkbox"/> No: <input type="checkbox"/>	Yes: <input type="checkbox"/> No: <input type="checkbox"/>
4.	Bid is written in language (ITB Clause);	Yes: <input type="checkbox"/> No: <input type="checkbox"/>	Yes: <input type="checkbox"/> No: <input type="checkbox"/>	Yes: <input type="checkbox"/> No: <input type="checkbox"/>
5.	Bidder has submitted the duly filled in, signed, stamped, and dated Bid Submission Sheet Form;	Yes: <input type="checkbox"/> No: <input type="checkbox"/>	Yes: <input type="checkbox"/> No: <input type="checkbox"/>	Yes: <input type="checkbox"/> No: <input type="checkbox"/>
6.	Bidder has submitted the duly filled in, signed, stamped, and dated Price Schedule Form;	Yes: <input type="checkbox"/> No: <input type="checkbox"/>	Yes: <input type="checkbox"/> No: <input type="checkbox"/>	Yes: <input type="checkbox"/> No: <input type="checkbox"/>
7.	Bidder has submitted the duly filled in, signed, stamped and dated Bidder Certification of Compliance Form;	Yes: <input type="checkbox"/> No: <input type="checkbox"/>	Yes: <input type="checkbox"/> No: <input type="checkbox"/>	Yes: <input type="checkbox"/> No: <input type="checkbox"/>
8.	Bidder has submitted the duly filled in, signed, stamped, and dated Technical Offer;	Yes: <input type="checkbox"/> No: <input type="checkbox"/>	Yes: <input type="checkbox"/> No: <input type="checkbox"/>	Yes: <input type="checkbox"/> No: <input type="checkbox"/>
9.	Bidder has submitted the duly filled in, signed, stamped, and dated Bid Security;	Yes: <input type="checkbox"/> No: <input type="checkbox"/>	Yes: <input type="checkbox"/> No: <input type="checkbox"/>	Yes: <input type="checkbox"/> No: <input type="checkbox"/>
10.	The Bid Security is in accordance with ITB Clause	Yes: <input type="checkbox"/> No: <input type="checkbox"/>	Yes: <input type="checkbox"/> No: <input type="checkbox"/>	Yes: <input type="checkbox"/> No: <input type="checkbox"/>
11.	Offered period of validity of the bid is in line with the period stipulated in ITB Sub-clause	Yes: <input type="checkbox"/> No: <input type="checkbox"/>	Yes: <input type="checkbox"/> No: <input type="checkbox"/>	Yes: <input type="checkbox"/> No: <input type="checkbox"/>

	DESCRIPTION	Bidder: Envelope No.	Bidder: Envelope No.	Bidder: Envelope No.
12.	OVERALL ADMINISTRATIVE COMPLIANCE	Yes: <input type="checkbox"/> No: <input type="checkbox"/>	Yes: <input type="checkbox"/> No: <input type="checkbox"/>	Yes: <input type="checkbox"/> No: <input type="checkbox"/>

Based on the verification of the submitted documentary evidence requested in ITB Clause the Evaluation Committee has concluded that the following bidders have not submitted all requested documentary evidence and have been deemed not responsive pursuant to Article 43 (5c) of the Public Procurement Proclamation and ITB Clause . Therefore, they have been excluded from the further evaluation and comparison, pursuant to the Article 43 (6).

No. of Bidder's Envelope	Complete Name and Address of the Seat of the Bidder	Explanation for Unqualified Bidder

After confirming the bids comprise all mandatory documentary evidence establishing the Bidder's qualification, the Evaluation Committee ruled on the legal, administrative technical, professional, and financial admissibility of each bid, classifying it as compliant or non-compliant with qualification requirements set forth in the Bidding Document.

V) Evaluation of Legal, Professional, Technical, and Financial Admissibility of Bids

i. Legal Admissibility Evaluation Grid

	DESCRIPTION	Bidder: Envelope No.	Bidder: Envelope No.	Bidder: Envelope No.
1.	Bidder has submitted the Certificate of registration with the business, court (commercial), professional, trades/crafts or other appropriate register from the	Yes: <input type="checkbox"/> No: <input type="checkbox"/>	Yes: <input type="checkbox"/> No: <input type="checkbox"/>	Yes: <input type="checkbox"/> No: <input type="checkbox"/>
2.	Bidder has submitted Valid trade license indicating the stream of business in which the is engaged;	Yes: <input type="checkbox"/> No: <input type="checkbox"/>	Yes: <input type="checkbox"/> No: <input type="checkbox"/>	Yes: <input type="checkbox"/> No: <input type="checkbox"/>
3.	Bidder has failed to register itself in the Public Procurement Agency's suppliers list	Yes: <input type="checkbox"/> No: <input type="checkbox"/>	Yes: <input type="checkbox"/> No: <input type="checkbox"/>	Yes: <input type="checkbox"/> No: <input type="checkbox"/>
4.	Bidder has submitted VAT registration certificate issued by the tax authority;	Yes: <input type="checkbox"/> No: <input type="checkbox"/>	Yes: <input type="checkbox"/> No: <input type="checkbox"/>	Yes: <input type="checkbox"/> No: <input type="checkbox"/>
5.	Bidder has submitted a tax clearance certificate issued by the tax authority concerning the state of debt, which is not older than 30 days;	Yes: <input type="checkbox"/> No: <input type="checkbox"/>	Yes: <input type="checkbox"/> No: <input type="checkbox"/>	Yes: <input type="checkbox"/> No: <input type="checkbox"/>
6.	Bidder has provided in the Bid Submission Sheet Form the Statement that it has not been debarred by a decision of the Public Procurement Agency from participating in public procurements for breach of its obligation	Yes: <input type="checkbox"/> No: <input type="checkbox"/>	Yes: <input type="checkbox"/> No: <input type="checkbox"/>	Yes: <input type="checkbox"/> No: <input type="checkbox"/>

	DESCRIPTION	Bidder: Envelope No.	Bidder: Envelope No.	Bidder: Envelope No.
	under previous contracts.			
7.	OVERALL LEGAL COMPLIANCE	Yes: <input type="checkbox"/> No: <input type="checkbox"/>	Yes: <input type="checkbox"/> No: <input type="checkbox"/>	Yes: <input type="checkbox"/> No: <input type="checkbox"/>

After verifying submitted documentary evidence establishing the Bidder's legal qualification the Evaluation Committee has concluded that the following bidder had not submitted all required documentary evidence and therefore it should not be considered in the further evaluation and comparison procedure:

No. of Bidder's Envelope	Complete Name and Address of the Seat of the Bidder	Explanation for Unqualified Bidder

ii. Technical Admissibility Evaluation Grid

After analyzing the bids deemed to comply in administrative and legal terms, the Evaluation Committee ruled on the technical admissibility of each bid, classifying it as technically compliant or non-compliant

	DESCRIPTION	Bidder: Envelope No.	Bidder: Envelope No.	Bidder: Envelope No.
1.	Bidder has provided in the Bid Submission Sheet Form the Statement attesting the origin of the Goods and Related Services offered;	Yes: <input type="checkbox"/> No: <input type="checkbox"/>	Yes: <input type="checkbox"/> No: <input type="checkbox"/>	Yes: <input type="checkbox"/> No: <input type="checkbox"/>
2.	Bidder has provided in the Bidder Certification of Compliance Form information about major relevant contracts successfully completed in the course of the past years;	Yes: <input type="checkbox"/> No: <input type="checkbox"/>	Yes: <input type="checkbox"/> No: <input type="checkbox"/>	Yes: <input type="checkbox"/> No: <input type="checkbox"/>
3.	Bidder has submitted three Certificates of satisfactory execution of contracts provided by contracting parties to the contracts successfully completed in the course of the past years with a budget of at least ;	Yes: <input type="checkbox"/> No: <input type="checkbox"/>	Yes: <input type="checkbox"/> No: <input type="checkbox"/>	Yes: <input type="checkbox"/> No: <input type="checkbox"/>
4.	Bidder has completed its Technical Offer in accordance with technical specification presented as per template in Section 6, Statement of Requirements;	Yes: <input type="checkbox"/> No: <input type="checkbox"/>	Yes: <input type="checkbox"/> No: <input type="checkbox"/>	Yes: <input type="checkbox"/> No: <input type="checkbox"/>
5.	Bidder has submitted Descriptive technical literature in accordance with ITB Clause ;	Yes: <input type="checkbox"/> No: <input type="checkbox"/>	Yes: <input type="checkbox"/> No: <input type="checkbox"/>	Yes: <input type="checkbox"/> No: <input type="checkbox"/>
6.	Bidder has submitted Description of the organization of the warranty offered in accordance with the conditions laid down in GCC Clause	Yes: <input type="checkbox"/> No: <input type="checkbox"/>	Yes: <input type="checkbox"/> No: <input type="checkbox"/>	Yes: <input type="checkbox"/> No: <input type="checkbox"/>

	DESCRIPTION	Bidder: Envelope No.	Bidder: Envelope No.	Bidder: Envelope No.
7.	Bidder has submitted Manufacturer Authorization Letter in accordance with ITB Clause .	Yes: <input type="checkbox"/> No: <input type="checkbox"/>	Yes: <input type="checkbox"/> No: <input type="checkbox"/>	Yes: <input type="checkbox"/> No: <input type="checkbox"/>
8.	OVERALL TECHNICAL COMPLIANCE	Yes: <input type="checkbox"/> No: <input type="checkbox"/>	Yes: <input type="checkbox"/> No: <input type="checkbox"/>	Yes: <input type="checkbox"/> No: <input type="checkbox"/>

After assessing submitted documentary evidence establishing the Bidder's technical compliance the Evaluation Committee concluded that all bids are in compliance with the technical requirements set forth in the Bidding Document and therefore they should be considered in the further evaluation procedure.

No. of Bidder's Envelope	Complete Name and Address of the Seat of the Bidder	Explanation for Unqualified Bidder

iii. Financial Admissibility Evaluation Grid

The Evaluation Committee checked the technically compliant bids for their financial admissibility.

	DESCRIPTION	Bidder: Envelope No.	Bidder: Envelope No.	Bidder: Envelope No.
1.	Bidder has submitted signed and dated the balance-sheet, the profit and loss account or other appropriate financial statement;	Yes: <input type="checkbox"/> No: <input type="checkbox"/>	Yes: <input type="checkbox"/> No: <input type="checkbox"/>	Yes: <input type="checkbox"/> No: <input type="checkbox"/>
2.	Bidder has submitted the Proof of the solvency issued by the bank or other financial institution;	Yes: <input type="checkbox"/> No: <input type="checkbox"/>	Yes: <input type="checkbox"/> No: <input type="checkbox"/>	Yes: <input type="checkbox"/> No: <input type="checkbox"/>
3.	The average annual turnover for the last year (2010) of the Bidder exceeds times the amount of the financial proposal of the Bid;	Yes: <input type="checkbox"/> No: <input type="checkbox"/>	Yes: <input type="checkbox"/> No: <input type="checkbox"/>	Yes: <input type="checkbox"/> No: <input type="checkbox"/>
4.	The cash and cash equivalent at the end of two last years (2010 and 2009) are positive;	Yes: <input type="checkbox"/> No: <input type="checkbox"/>	Yes: <input type="checkbox"/> No: <input type="checkbox"/>	Yes: <input type="checkbox"/> No: <input type="checkbox"/>
5.	Bidder has calculated Bid Prices on a basis of Delivered Duty Paid (DDP) for the Goods and Related Services offered (ITB Clause);	Yes: <input type="checkbox"/> No: <input type="checkbox"/>	Yes: <input type="checkbox"/> No: <input type="checkbox"/>	Yes: <input type="checkbox"/> No: <input type="checkbox"/>
6.	Bidder has quoted prices in accordance with ITB Clause	Yes: <input type="checkbox"/> No: <input type="checkbox"/>	Yes: <input type="checkbox"/> No: <input type="checkbox"/>	Yes: <input type="checkbox"/> No: <input type="checkbox"/>
7.	OVERALL FINANCIAL COMPLIANCE	Yes: <input type="checkbox"/> No: <input type="checkbox"/>	Yes: <input type="checkbox"/> No: <input type="checkbox"/>	Yes: <input type="checkbox"/> No: <input type="checkbox"/>

Based on the verification of the submitted evidence on bidder financial compliance, the Evaluation Committee has concluded that the following bidders have not submitted required documentary evidence on financial compliance and therefore should not be considered in the further evaluation, and comparison procedure:

No. of Bidder's Envelope	Complete Name and Address of the Seat of the Bidder	Explanation for Unqualified Bidder

VI) Clarification of Bids

To assist in the examination, evaluation, and comparison of the bids, the Evaluation Committee, pursuant to the Article 43 (1) of Public Procurement Proclamation and ITB Clause , has asked the following bidders for a clarification of their bids:

No. of Bidder's Envelope	Complete Name and Address of the Seat of the Bidder	Explanation by the Bidder

VII) Evaluation and Comparison of Bids

The Evaluation Committee has continued its evaluation proceedings with bids that have been determined, up to this stage of the evaluation, to be substantially responsive.

To evaluate a bid, the Evaluation Committee has only used methodologies and criteria defined in ITB Clause and Section 3, Evaluation Methodology and Criteria.

i. Rectification of Nonconformities and Omissions in Bids

To rectify identified nonmaterial nonconformities and omissions in the bids related to documentary evidence requirements the Evaluation Committee has requested the following bidders to submit the necessary information and documentation within the time limit of three days from the receiving of the notification.

No. of Bidder's Envelope	Complete Name and Address of the Seat of the Bidder	Explanation of Nonconformities and Omissions by the Bidder

As all Bidders complied with the request and submit the necessary information and documentation within stipulated time limit the Evaluation Committee rectified identified nonmaterial nonconformities and omissions.

ii. Correction of Errors in Calculation

The Evaluation Committee has examined and verified all bids that have been deemed substantially responsive to ascertain whether there are any errors in computation and summation. The Evaluation Committee has rectified the detected errors in calculation in accordance with ITB Clause .

The Evaluation Committee has notified bidders on adjusted calculation errors and requested bidders to confirm that they accept the correction of the calculation error within the time limit of three days from the receiving of the notification. The corrections are clearly indicated in the bid.

The following arithmetic corrections were made:

No. of Bidder's Envelope	Complete Name and Address of the Seat of the Bidder	Stated Bid Price	Arithmetically Corrected Bid Price

iii. Unconditional Discounts

No. of Bidder's Envelope	Complete Name and Address of the Seat of the Bidder	Arithmetically Corrected Bid Price	Unconditional Discounts		Discounted Bid Price (3-5)
			Percent	Amount	
1	2	3	4	5	6

iv. Currency Conversion

Currency Used for Bid Evaluation:

Effective Date of selling Exchange Rate:

Selling exchange rate established by the National Bank of Ethiopia

No. of Bidder's Envelope	Complete Name and Address of the Seat of the Bidder	Bid Price (corrected / discounted)	Currency of Bid	Applicable Exchange Rate	Bid Price in Evaluation Currency (3x4)
1	2	3	4	5	6

v. Domestic Preference

No. of Bidder's Envelope	Complete Name and Address of the Seat of the Bidder	Bid Price (corrected / discounted)	Exclusions for Preference	Revised Total (3-4)	% of Pref.	Preference Price (5x4)	Total Comparison Price (3+5)
1	2	3	4	5	6	7	8

vi. Final List of Bids for Evaluation and Comparison

According to the methodology defined in the Public Procurement Proclamation and Directives the Public Body shall select the successful bid by applying the following method:

- A. The bid that is found to be substantially responsive to the professional, technical, and financial qualification requirements, technically compliant in relation to the technical specifications, and with the lowest price.
- B. The bid that is found to be substantially responsive to the professional, technical, and financial qualification requirements, technically compliant in relation to the technical specifications, and with the lowest evaluated bid The lowest evaluated bid shall be the bid offering better economic advantage ascertained on the basis of factors affecting the economic value of the bid.

B. Determining the Bid Offering the Best Economic Advantage⁹

Provided all mandatory legal, professional, technical, and financial requirements have been met all technically compliant Bids shall be evaluated and scored using the two-stage bid evaluation and scoring method. In accordance with ITB Clause , the Public Body's evaluation of the Bid will take into account, in addition to the bid price, the following additional evaluation criteria in order of their importance and their proportional weight in the total system of evaluation, the procedure of determining the bid offering the best economic advantage has been conducted as follows:

1. The evaluation procedure has been conducted exclusively based on available information specified in the submitted bid package;
2. The Evaluation Committee has evaluated Bids using a weighted evaluation scoring method as follows:
 - a. The Evaluation Committee has determined weighting factor that indicates their level of importance, as follows:

Priority	Name of criteria	Proportional value in %
1.	Criterion I	35
2.	Criterion II	10
3.	Criterion III	10
4.	Criterion IV	10
I	Total Additional Criteria (1+2+3+4)	65
II	Bid Price (Column 8)	35
III	Sum Total (I+II)	100

- b. The Evaluation Committee has evaluated any additional criteria using the following scoring scale from 0 to 10:

SCORING		DESCRIPTION
10	Excellent	Exceeds the requirements of the criteria significantly and in beneficial ways/very desirable
9	Very Good	Exceeds the requirements of the criteria in ways which are beneficial

⁹ Proposed criteria and weightings are for explanatory purposes only.

SCORING		DESCRIPTION
		to our needs
7-8	Good	Fully meets the requirement of the criteria
5-6	Average	Adequately meets most of the requirements of the criteria. May be lacking in some areas that are not critical.
3-4	Poor	Addresses all of the requirements of the criterion to the minimum acceptable level.
1-2	Very Poor	Minimally addresses some, but not all, of the requirements of the criteria or lacking in critical areas.
0	Unsatisfactory	Does not satisfy the requirements of the criteria in any manner.

Scores are applied to each of the additional criteria and are multiplied by the weight factor to arrive at the final score

- c. The total score for the Bid has been determined through this method and has been the basis for ranking Bids
3. The Evaluation Committee has applied the following technical additional criteria and weightings in evaluation process:

Priority	Name of criteria	Proportional Weight in %
1	Technical and functional capabilities/features <ul style="list-style-type: none"> ▪ Technical suitability. ▪ Expected technological life span. ▪ Degree to which offered specification exceeds minimum requirements. 	35
2	Maintenance/Technical Support and Warranty <ul style="list-style-type: none"> ▪ Service and/or maintenance support, including timelines for service repairs. ▪ Duration of warranties. ▪ Training and implementation support and timelines. 	10
3	Delivery – proposed schedule for delivery	10
4	Overall ability and capability to perform the work – Experience, Qualifications, Training, Education, and Knowledge of the Proposed Team	10
I	Total technical criteria (1+2+3+4)	65
II	Total Bid Price	35
III	SUM TOTAL I+II	100

- a. Individual weighted scores for all technical criteria have been weighted according to the set proportional weighting factors. The weighted result has been calculated by multiplying the score by the proportional weighting factor of the individual criterion. In the example below, the final weighted result for the first bid and the first criterion is calculated as $9 \times 35\% = 3.15$.
- b. For each Bid the sum of the values has been normalized according to the highest score 10. Normalization is the transformation that is applied equally to every element in the group of data so that the group has a specific statistical characteristic.
- c. The Evaluation Committee has applied the following formula for the normalization of values of the additional criteria:

$$\frac{\text{The sum of scores of the technical criteria for each bid} \times 10}{\text{The highest score of the technical criteria}}$$

d. The example below shows the way in which the weighted results and the normalized values of technical criteria have been calculated.

			Bid 2	Bid 3	Bid 1
1	Criterion I, weight	Score	9.00	8.00	9.00
2	35%	Weighted result	3.15	2.80	3.15
3	Criterion II, weight	Score	7.00	8.00	7.00
4	10%	Weighted result	0.70	0.80	0.70
5	Criterion III, weight	Score	7.00	6.00	9.00
6	10%	Weighted result	0.70	0.60	0.90
7	Criterion IV, weight	Score	8.00	8.00	9.00
8	10%	Weighted result	0.80	0.80	0.90
9	Total technical criteria, weight 65% (2+4+6+8)		5.35	5.00	5.65
10	Normalization of the value of technical criteria		5.35 x 10/5.65	5.00 x 10/5.65	10.00
			9.47	8.70	10.00
11	Proportional weight of Technical criteria	65%	6.16	5.66	6.50

e. The highest weighted result got 10 points according to which other values of technical criteria have been proportionally ranked.

4. The Bid Price Evaluation and Scoring

a. The Evaluation Committee has reviewed and scored the Bid Price for the top three Bids only. The Evaluation Committee then added the technical score to the Bid Price score to determine the total bid score for these Bids.

b. For the normalization of the cost value the following formula has been applied (Note: the lower the cost the higher the scores):

$$\frac{\text{The lowest cost proposal} \times 10}{\text{Bid cost proposal}}$$

Bidder	Bid Price (from lowest to highest)	Normalized cost
Bid 2	128,000.00	10
Bid 3	133,000.00	9.62
Bid 1	192,500.00	6.65

c. Example of an aggregated (total) score and final ranking of three Bids is the following:

			Bid 2	Bid 3	Bid 1
1	Total technical criteria scores, weight 65%		5.35	5.00	5.65
2	Normalization of the value of technical criteria		5.35 x 10/5.65	5.00 x 10/5.65	10.00
			9.47	8.70	10.00
3	Proportional weight of Technical criteria	65%	6.16	5.66	6.50
4	Normalized price		10.00	9.62	6.65
5	Proportional weight of price	35%	3.50	3.37	2.33
6	Total (3+5)	100%	9.66	9.03	8.83
	RANK		1	2	3

The Bid no. 2 has been deemed as the bid offering the best economic advantage.

VIII) Conclusion

The Evaluation Committee recommends award of the contract to the that has the highest total resultant score.

X) Certification of the Report

iv. Signatures of Members of the Evaluation Committee

	Bid Opening Panel	Name and Surname	Signature
1.	Chairperson		
2.	Member		
3.	Member		

ix. Report prepared by:

Name and Surname	Signature	Date

Attachments: As in text

9 APPENDIX 9: ESTIMATED PROCUREMENT LEAD TIMES

9.1 GUIDELINES FOR DETERMINING COMPLETION TIMESCALES

9.1.1 Estimated lead times for ICB (Goods)

1	Preparation of Bidding Documents	1–6 weeks
2	Prior review/Procurement Endorsing Committee	1–2 weeks
3	Adverts/Tender Invitation	6 weeks minimum
4	Tender Close/ Opening	same date and time
5	Tender Evaluation and Report Submission	2–4 weeks
6	Recommendation by Procurement Endorsing Committee	1–2 weeks
7	Contract Award	0–2 weeks
8	Contract Signature	1–4 weeks
9	Letters of Credit (Goods)	2–4 weeks
10	Delivery - as per contract	6–16 weeks
11	Inspection and Acceptance	0–4 + weeks

Note: If there is the need for Prequalification of Suppliers or Contractors then total time for the delivery of the goods or works will have to be expanded by 7-13 weeks to allow for the completion of the prequalification procedures.

9.1.2 Estimated lead times for NCB (Goods)

1	Preparation of Bidding Document	1–3 weeks
2	Prior Review/Procurement Endorsing Committee	1–2 weeks
3	Advert/Tender Invitation	2–4 weeks
4	Tender Close/Opening - same date	same date and time
6	Tender Evaluation and Report Submission	1–2 weeks
7	Contract Award	0–2 weeks
8	Contract Signature	1–3 weeks

9	Letter of Credit	1–4 weeks
10	Delivery - as per contract	6–16 weeks
11	Inspection and Acceptance	0–1 weeks

9.1.3 Estimated lead times for ICB (Works)

1	Preparation of Bidding Documents	2weeks minimum-4 weeks
2	Prior Review/Procurement Endorsing Committee	1–2 weeks
3	Advert/Tender Invitation	6–8 weeks
4	Tender Close/Opening	same date and time
5	Tender Evaluation and Report Submission	2–4 weeks
6	Recommendation by Procurement Endorsing Committee	1–2 weeks
7	Contract Award	1–2 Weeks
8	Contract Signature	2–3 Weeks
9	Mobilization (Advance Payment)	2–4 weeks
10	Completion Period	As per contract
11	Final Acceptance	24–52 weeks

9.1.4 Estimated lead times for NCB (Works)

1	Preparation of Tender Documents	2weeks minimum
2	Prior Review/Procurement Endorsing Committee	1–2 weeks
3	Advertising/Tender Invitation	2–4 weeks
4	Tender Close/Opening	same date and time
5	Tender Evaluation and Report Submission	2–4 weeks
6	Recommendation by Procurement Endorsing Committee	1–2 weeks
7	Contract Award	1–2 Weeks
8	Contract Signature	1–3 Weeks
9	Mobilization (Advance Payment)	2–4 weeks

10	Completion Period	As per contract
11	Final Acceptance	24 weeks

9.1.5 Estimated lead times—Request for Quotation

1	Preparation of documents	0–1 weeks
2	Invitation or Solicitation letter	0–2 weeks
3	Tender Close/Opening	same date and time
4	Evaluation and Submission of Report	0–1 week
5	Award of Contract	0-1 week
6	Contract Signature	1 week
7	Delivery/Completion period	1–4 weeks
8	Inspection and Acceptance	0–1 weeks
9	Final Acceptance (works)	As per Contract

9.2 PLAN MONITORING AND UPDATING

9.2.1 During project execution the original procurement plan should be regularly monitored and updated. The essence is to see how actual performance compares with the planned activities and to make changes in the plan if necessary.

9.2.2 If slippage occurs in the award or execution of one major contract, it may require rescheduling of other related contract awards and deliveries. The purpose of monitoring is to complete the details of what has actually been executed, to note whether there are major discrepancies with what was anticipated, and make adjustments in the plans so as to give a complete picture of procurement performance.

9.2.3 A full revision and update of the Procurement Plan must be submitted to the head of public body for review and approval on a Quarterly basis throughout each Financial Year.

10 APPENDIX 10: INCOTERMS AND INSURANCE

10.1 INCOTERMS

10.1.1 The cost of transportation is a significant component of the cost of goods purchased by public bodies and delivered to the project site. It is thus an important factor in the evaluation of bids. All four basic modes of freight transportation - road, rail, air and water - are used in international transportation for which codification has developed over centuries. The use of INCOTERMS is encouraged, a set of rules issued periodically by the International Chamber of Commerce [www.icc.org], in all procurement documents for the supply of goods and equipment. This helps avoid uncertainties in interpretation between contracting parties—the public body and suppliers. Copies of INCOTERMS 2000 may be obtained from the International Chamber of Commerce, 38 Cours Albert 1er, 75008 Paris, France. Commonly used Incoterms in procurement are listed in the table below:

INCOTERM	EXPLANATION
<p>EXW Ex Works (...named place)</p>	<p>Ex means from. Works means factory, mill or warehouse, which are the seller's premises. EXW applies to goods available only at the seller's premises. Buyer is responsible for loading the goods on truck or container at the seller's premises, and for the subsequent costs and risks. In practice, it is not uncommon that the seller loads the goods on truck or container at the seller's premises without charging loading fee. In the quotation, indicate the named place (seller's premises) after the acronym EXW, for example EXW Addis Ababa</p> <p>The term EXW is commonly used between the manufacturer (seller) and export-trader (buyer), and the export-trader resells on other trade terms to the foreign buyers. Some manufacturers may use the term Ex Factory, which means the same as Ex Works. This is the minimum obligation for the seller. He is responsible for placing the goods at the disposal of the buyer at the seller's premises or another named place (i.e. works, factory, warehouse, etc.) not cleared for export and not loaded on any collecting vehicle. The buyer bears all costs and risk involved in taking the goods from the seller's premises.</p>
<p>FCA Free Carrier (...named place)</p>	<p>The delivery of goods on truck, rail car or container at the specified point (depot) of departure, which is usually the seller's premises, or a named railroad station or a named cargo terminal or into the custody of the carrier, at seller's expense. The point (depot) at origin may or may not be a customs clearance center. Buyer is responsible for the main</p>

INCOTERM	EXPLANATION
	<p>carriage/freight, cargo insurance and other costs and risks.</p> <p>In the air shipment, technically speaking, goods placed in the custody of an air carrier are considered as delivery on board the plane. In practice, many importers and exporters still use the term FOB in the air shipment. The term FCA is also used in the RO/RO (roll on/roll off) services. In the export quotation, indicate the point of departure (loading) after the acronym FCA, for example FCA Hong Kong and FCA Seattle. Some manufacturers may use the former terms FOT (Free On Truck) and FOR (Free On Rail) in selling to export-traders.</p> <p>The seller delivers the goods, cleared for export, to a carrier nominated by the buyer at the named place. It should be noted that the chosen place of delivery has an impact on the obligations of loading and unloading the goods at that place. If delivery occurs at the seller's premises, the seller is responsible for loading. If delivery occurs at any other place, the seller is not responsible for unloading. The buyer assumes all costs after the goods are delivered to the carrier, including import costs.</p>
<p>FAS</p> <p>Free Alongside Ship</p> <p>(...named port of shipment)</p>	<p>Goods are placed in the dock shed or at the side of the ship, on the dock or lighter, within reach of its loading equipment so that they can be loaded aboard the ship, at seller's expense. Buyer is responsible for the loading fee, main carriage/freight, cargo insurance, and other costs and risks. In the export quotation, indicate the port of origin (loading) after the acronym FAS, for example FAS New York and FAS Bremen.</p> <p>The FAS term is popular in the break-bulk shipments and with the importing countries using their own vessels. The seller delivers when the goods are placed alongside the vessel at the named port of shipment. This means that the buyer has to bear all costs and risks of loss of or damage to the goods from that moment. The FAS term requires the seller to clear the goods for export.</p>
<p>FOB</p> <p>Free On Board</p> <p>(...named port of shipment)</p>	<p>The delivery of goods on board the vessel at the named port of origin (loading), at seller's expense. Buyer is responsible for the main carriage/freight, cargo insurance and other costs and risks. In the export quotation, indicate the port of origin (loading) after the acronym FOB, for example FOB Addis Ababa and FOB Shanghai. Under the rules of the INCOTERMS 1990, the term FOB is used for ocean freight only. However, in practice, many importers and exporters still use the term FOB in the air freight.</p> <p>FOB Origin means the buyer is responsible for the freight and other costs and risks. FOB Destination means the seller is responsible for the freight and other costs and risks until the goods are delivered to the buyer's premises, which may include the import customs clearance and payment of import customs duties and taxes in the Federal Democratic Republic of Ethiopia, depending on the agreement between the buyer and seller. In international trade, avoid using the shipping terms FOB Origin and FOB Destination, which are not part of the INCOTERMS (International Commercial Terms).</p> <p>The seller delivers when the goods pass the ship's rail at the named port of</p>

INCOTERM	EXPLANATION
	<p>shipment. This means that the buyer has to bear all costs and risks of loss of or damage to the goods from that point. The FOB term requires the seller to clear the goods for export. If the parties do not intend to deliver the goods across the ship's rail, the FCA terms should be used.</p>
<p>CFR Cost and Freight (...named port of destination)</p>	<p>The delivery of goods to the named port of destination (discharge) at the seller's expense. Buyer is responsible for the cargo insurance and other costs and risks. The term CFR was formerly written as C&F. Many importers and exporters worldwide still use the term C&F. In the export quotation, indicate the port of destination (discharge) after the acronym CFR, for example CFR Karachi and CFR Alexandria.</p> <p>The seller delivers when the goods pass the ship's rail in the port of shipment. The seller must pay the costs and freight necessary to bring the goods to the named port of destination but the risk of loss of or damage to the goods, as well as any additional costs due to events occurring after the time of delivery, are transferred from the seller to the buyer. The CFR term requires the seller to clear the goods for export. This term can be used only for sea and inland waterway transport.</p>
<p>CIF Cost, Insurance and Freight (...named port of destination)</p>	<p>The cargo insurance and delivery of goods to the named port of destination (discharge) at the seller's expense. Buyer is responsible for the import customs clearance and other costs and risks. In the export quotation, indicate the port of destination (discharge) after the acronym CIF, for example CIF Pusan and CIF Singapore.</p> <p>The seller delivers when the goods pass the ship's rail in the port of shipment. The seller must pay the costs and freight necessary to bring the goods to the named port of destination but the risk of loss or damage to the goods, as well as any additional costs due to events occurring after the time of delivery, are transferred from the seller to the buyer. However, in CIF the seller also has to procure marine insurance against the buyer's risk of loss of or damage to the goods during the carriage. Consequently, the seller contracts for insurance and pays the insurance premium. The buyer should note that under the CIF term the seller is required to obtain insurance only on minimum cover. Should the buyer wish to have the protection of greater cover, he would need either to agree as much expressly with the seller or to make his own extra insurance arrangements. The Seller is required to clear the goods for export. This terms can be used only for sea and inland waterway transport</p>
<p>CPT Carriage Paid To (...named place of destination)</p>	<p>The delivery of goods to the named place of destination (discharge) at seller's expense. Buyer assumes the cargo insurance, import customs clearance, payment of customs duties and taxes, and other costs and risks. In the export quotation, indicate the place of destination (discharge) after the acronym CPT, for example CPT Los Angeles and CPT Osaka.</p> <p>The seller delivers the goods to the carrier nominated by him but the seller must in addition pay the cost of carriage necessary to bring the goods to the named destination. This means that the buyer bears all risks and any other costs occurring after the goods have been so delivered. "Carrier" means any person who, in a contract of carriage, undertakes to perform or to procure the performance of transport, by rail, road, air, sea, inland</p>

INCOTERM	EXPLANATION
	<p>waterway or by a combination of such modes. If subsequent carriers are used for the carriage to the agreed destination, the risk passes when the goods have been delivered to the first carrier. The CPT term requires the seller to clear the goods for export. This term may be used irrespective of the mode of transport including multimodal transport.</p>
<p>CIP Cost, Insurance and Freight (...named place of destination)</p>	<p>The delivery of goods and the cargo insurance to the named place of destination (discharge) at seller's expense. Buyer assumes the import customs clearance, payment of customs duties and taxes, and other costs and risks. In the export quotation, indicate the place of destination (discharge) after the acronym CIP, for example CIP Paris and CIP Athens.</p> <p>The seller delivers the goods to the carrier nominated by him, but the seller must in addition pay the cost of carriage necessary to bring the goods to the named destination. This means that the buyer bears all risks and any additional costs occurring after the goods have been so delivered. However, in CIP the seller also has to procure insurance against the buyer's risk of loss or damage to the goods during the carriage. Consequently, the seller contracts for insurance and pays the insurance arrangements. The CIP term requires the seller to clear the goods for export. This term may be used irrespective of the mode of transport, including multimodal transport</p>
<p>DAF Delivered At Frontier (...named place)</p>	<p>The delivery of goods to the specified point at the frontier at seller's expense. Buyer is responsible for the import customs clearance, payment of customs duties and taxes, and other costs and risks. In the export quotation, indicate the point at frontier (discharge) after the acronym DAF, for example DAF Buffalo and DAF Welland.</p> <p>The seller delivers when the goods are placed at the disposal of the buyer on the arriving means of transport not unloaded, cleared for export, but not cleared for import at the named point and place at the frontier, but before the customs border of the adjoining country. The terms "frontier" may be used for any frontier including that of the country of export. Therefore, it is of vital importance that the frontier in question be defined precisely by always naming the point and place in the terms. However, if the parties wish the seller to be responsible for the unloading of the goods from the arriving means of transport and to bear the risks and costs of unloading, this should be made clear by adding explicit wording to this effect in the contract of sale. This term may be used irrespective of the mode of transport when goods are to be delivered at a land frontier.</p>
<p>DES Delivered Ex Ship (...named port of destination)</p>	<p>The delivery of goods on board the vessel at the named port of destination (discharge), at seller's expense. Buyer assumes the unloading fee, import customs clearance, payment of customs duties and taxes, cargo insurance, and other costs and risks. In the export quotation, indicate the port of destination (discharge) after the acronym DES, for example DES Helsinki and DES Stockholm.</p> <p>The seller delivers when the goods are placed at the disposal of the buyer on board the ship not cleared for import at the named port of destination. The seller has to bear all the costs and risks involved in bringing the goods</p>

INCOTERM	EXPLANATION
	to the named port of destination before discharging. If the parties wish the seller to bear the costs and risks of discharging the goods, then the DEQ terms should be used. This term can be used only when the goods are to be delivered by sea or inland waterway or multimodal transport on a vessel in the port of destination
DEQ Delivered Ex Quay (Duty Paid) (...named port of destination)	<p>The delivery of goods to the quay (the port) at destination at seller's expense. Seller is responsible for the import customs clearance and payment of customs duties and taxes at the buyer's end. Buyer assumes the cargo insurance and other costs and risks. In the export quotation, indicate the port of destination (discharge) after the acronym DEQ, for example DEQ Libreville and DEQ Maputo.</p> <p>The seller delivers when the goods are placed at the disposal of the buyer not cleared for import on the quay (wharf) at the named port of destination. The seller has to bear costs and risks involved in bringing the goods to the named port of destination and discharging the goods on the quay (wharf). The DEQ terms requires the buyer to clear the goods for import and to pay for all formalities, duties, taxes and other charges upon import. If the parties wish to include in the seller's obligations all or part of the costs payable upon import of the goods, this should be made clear by adding explicit wording to this effect in the contract of sale. This term can be used only when the goods are to be delivered by sea or inland waterway or multimodal transport on discharging from a vessel onto the quay (wharf) in the port of destination. However, if the parties wish to include in the seller's obligations the risks and costs of the handling of the goods from the quay to another place (warehouse, terminal, transport station, etc.) in or outside the port, the DDU or DDP terms should be used.</p>
DDU Delivered Duty Unpaid (...named place of destination)	<p>The delivery of goods and the cargo insurance to the final point at destination, which is often the project site or buyer's premises, at seller's expense. Buyer assumes the import customs clearance and payment of customs duties and taxes. The seller may opt not to insure the goods at his/her own risks. In the export quotation, indicate the point of destination (discharge) after the acronym DDU, for example DDU La Paz and DDU N'Djamena.</p> <p>The seller delivers the goods to the buyer, not cleared for import, and not unloaded from any arriving means of transport at the named place of destination. The seller has to bear the costs and risks involved in bringing the goods thereto, other than, where applicable, any "duty" has to be borne by the buyer as well as any costs and risks caused by his failure to clear the goods for import in time. However, if the parties wish the seller to carry out customs formalities and bear the costs and risks resulting therefrom as well as some of the costs payable upon import of the goods, this should be made clear by including explicit wording to this effect in the contract of sale. This term may be used irrespective of the mode of transport but when delivery is to take place in the port of destination on board the vessel on the quay (wharf), the DES or DEQ terms should be used.</p>
DDP Delivered Duty	<p>The seller is responsible for most of the expenses, which include the cargo insurance, import customs clearance, and payment of customs duties and taxes at the buyer's end, and the delivery of goods to the final point at</p>

INCOTERM	EXPLANATION																												
Paid (...named place of destination)	<p>destination, which is often the project site or buyer's premises. The seller may opt not to insure the goods at his/her own risks. In the export quotation, indicate the point of destination (discharge) after the acronym DDP, for example DDP Bujumbura and DDP Mbabane.</p> <p>The seller delivers the goods to the buyer, cleared for import, and not unloaded from any arriving means of transport at the named place of destination. The seller has to bear all the costs and risks involved in bringing the goods thereto including, where applicable, any "duty" (which term includes the responsibility for and the risk of the carrying out of customs formalities and the payment of formalities, customs duties, taxes and other charges) for import in the Federal Democratic Republic of Ethiopia. This term should not be used if the seller is unable directly or indirectly to obtain the import license. This term may be used irrespective of the mode of transport but when delivery is to take place in the port of destination on board the vessel or on the quay (wharf) the DES or DEQ terms should be used.</p>																												
<p>Summary:</p> <table border="1"> <thead> <tr> <th data-bbox="225 909 472 943">Term</th> <th data-bbox="472 909 1401 943">Modes of Transport</th> </tr> </thead> <tbody> <tr> <td data-bbox="225 965 472 999">EXW</td> <td data-bbox="472 965 1401 999">ANY</td> </tr> <tr> <td data-bbox="225 1021 472 1055">FCA</td> <td data-bbox="472 1021 1401 1055">ANY</td> </tr> <tr> <td data-bbox="225 1077 472 1111">FAS</td> <td data-bbox="472 1077 1401 1111">OCEAN/WATERWAY</td> </tr> <tr> <td data-bbox="225 1133 472 1167">FOB</td> <td data-bbox="472 1133 1401 1167">OCEAN/WATERWAY</td> </tr> <tr> <td data-bbox="225 1189 472 1223">CFR</td> <td data-bbox="472 1189 1401 1223">OCEAN/WATERWAY</td> </tr> <tr> <td data-bbox="225 1245 472 1279">CIF</td> <td data-bbox="472 1245 1401 1279">OCEAN/WATERWAY</td> </tr> <tr> <td data-bbox="225 1301 472 1335">CPT</td> <td data-bbox="472 1301 1401 1335">ANY</td> </tr> <tr> <td data-bbox="225 1357 472 1391">CIP</td> <td data-bbox="472 1357 1401 1391">ANY</td> </tr> <tr> <td data-bbox="225 1413 472 1447">DAF</td> <td data-bbox="472 1413 1401 1447">ANY</td> </tr> <tr> <td data-bbox="225 1469 472 1503">DES</td> <td data-bbox="472 1469 1401 1503">OCEAN/WATERWAY</td> </tr> <tr> <td data-bbox="225 1525 472 1559">DEQ</td> <td data-bbox="472 1525 1401 1559">OCEAN/WATEWAY</td> </tr> <tr> <td data-bbox="225 1581 472 1615">DDU</td> <td data-bbox="472 1581 1401 1615">ANY</td> </tr> <tr> <td data-bbox="225 1637 472 1671">DDP</td> <td data-bbox="472 1637 1401 1671">ANY</td> </tr> </tbody> </table>		Term	Modes of Transport	EXW	ANY	FCA	ANY	FAS	OCEAN/WATERWAY	FOB	OCEAN/WATERWAY	CFR	OCEAN/WATERWAY	CIF	OCEAN/WATERWAY	CPT	ANY	CIP	ANY	DAF	ANY	DES	OCEAN/WATERWAY	DEQ	OCEAN/WATEWAY	DDU	ANY	DDP	ANY
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10.1.2 The most widely used term by the public bodies is Cost Insurance Freight (CIF). Where road, rail or air transport is used, countries may use Cost Insurance Paid (CIP) terms, rather than CIF terms. If Countries with national shipping lines wish to require their use for external transportation, the Bid Data Sheet requires bidders to quote Free on Board (FOB, for container goods - FCA) in addition to CIF. Bid evaluation and selection by the public body are done on the basis of CIF price, but the public body

may choose to sign the contract with the selected supplier on FOB terms, making its own arrangements for transportation and insurance.

- 10.1.3 The Standard Bidding Documents for Goods, in the Instructions to Bidders, require bidders to indicate separately on the Price Schedule:
 - 10.1.3.1 For goods offered within Ethiopia, the price for inland transportation, insurance, and other local costs incidental to delivery of the goods to their final destination, if specified in the Bid Data Sheet.
 - 10.1.3.2 For goods offered from abroad:
 - 10.1.3.3 The price of goods shall be quoted CIF named port of destination, or CIP border point, or CIP named place of destination, in Ethiopia, as specified in the Bid Data Sheet. In quoting the price the bidder is free to use transportation through carriers registered in any eligible countries.
 - 10.1.3.4 The price of the goods quoted FOB port of shipment (or FCA as the case may be), or Cost and Freight (CFR) port of destination (or CPT) if specified in the Bid Data Sheet.
 - 10.1.3.5 The price of inland transportation, insurance and other local costs incidental to delivery of the goods from the port of entry to their final destination, if specified in the Bid Data Sheet.
- 10.1.4 The SBDs normally adopt different approaches regarding internal transportation for imported goods. The SBD for the procurement of Pharmaceuticals and Vaccines (SBDP) provides only for the supplier to transport the pharmaceuticals to the place of embarkation. The SBD for procurement of Textbooks (SBDT), on the other hand, provides for the bidder to estimate charges or costs for inland transportation of imported goods. After delivery transportation to the point of use is the public body's responsibility. Further, the SBD for Supply and Installation of Plant and Equipment (SBDPE) requires the bidder to include local transportation in its bid. Thus, the Contractor has the duty to transport the procured items to the project site at its own risk and expense. Where there are items that are to be supplied by the public body, then these items shall be furnished and transported at the Federal Democratic Republic of Ethiopia's expense and risk.

10.2 INSURANCE

- 10.2.1 The public body should take out and maintain with responsible insurers, insurance against such risks and in such amounts as shall be consistent with appropriate practice. Insurance issues arise in various forms during the procurement aspect of the project. Instances where the public body may have to deal with insurance include cargo insurance during transportation of goods, installation all risks insurance, third party liability insurance, automobile liability insurance, worker's compensation and public body's liability. As all of these issues are subject to the final agreement between the public body and the supplier or contractor, this section merely gives a brief description of what is covered under these types of insurance.

10.2.2 Transportation Insurance

10.2.2.1 Public bodies are required to insure or make adequate provisions for the insurance of, imported goods against hazards incidental to the acquisition, transportation and delivery of such goods to the place of use or installation. Indemnification should be in the contract amount or in a freely convertible currency. Suppliers are allowed to arrange insurance from any eligible source country. However, if the public body wished to reserve insurance to national companies or other designated sources, loan proceeds from the Bank cannot be used to reimburse insurance costs.

10.2.2.2 Depending on the transport provisions in bidding documents, the public body or the Supplier makes arrangements for transportation, and must obtain insurance against loss or damage for internal transit and storage in accordance with the Loan Agreement. In the cases of CIF and CIP for example, the supplier has to insure the goods up to the port or other destination where delivery is to be made. The SBD for the Supply and Installation of Plant and Equipment (SBDPE) for instance, requires the contractor to take out cargo insurance to cover loss and damage to:

- equipment, including spare parts from the supplier's or manufacturer's works or stores until arrival at the project site; and
- construction equipment to be provided by the contractor or its subcontractors.

10.2.2.3 If, on the other hand, procurement of goods is on FOB terms, once the goods are on board, it is up to the public body to arrange for the necessary insurance to cover the goods to their destination.

10.2.3 Contractor's Insurance

10.2.3.1 Bidding documents usually require all contractors to take a Contractor's All Risk Insurance (CAR). CAR is generally used as the main protection against physical loss, damage, or injury to the project works and property of third parties.

10.2.3.2 The amount of insurance coverage should be commensurate with the liability that the insured third party may incur. In case of a physical asset, for example, this means the replacement cost, payable in a freely convertible currency, or in currencies in which replacement costs would be incurred.

10.2.4 Designer Liability

10.2.4.1 Consulting engineers or architects may be engaged by the Federal Democratic Republic of Ethiopia to provide preliminary designs, technical specifications, detailed designs, working drawings, construction inspection, and approvals for the project. Loss or damage due to defective design in these instances is usually covered under a professional liability insurance cover taken by the service provider. The public body should ensure that the hired party is insured under such coverage or other similar coverage which will cover any defects in the design of procured items that may arise due to the contractor's negligence.

10.2.5 Third Party Liability Insurance

10.2.5.1 This covers bodily injury or death suffered by third parties, including the public body's personnel and loss or damage to property occurring in connection to the supply and installation of procurement related facilities. Third - party liability insurance is governed by the laws in the Federal Democratic Republic of Ethiopia.

10.2.6 Worker's Compensation and Public Body's Liability

10.2.6.1 These cover bodily injury or death suffered by the public body's or Contractor's employees and is usually governed by the statutory requirements applicable in the Federal Democratic Republic of Ethiopia.

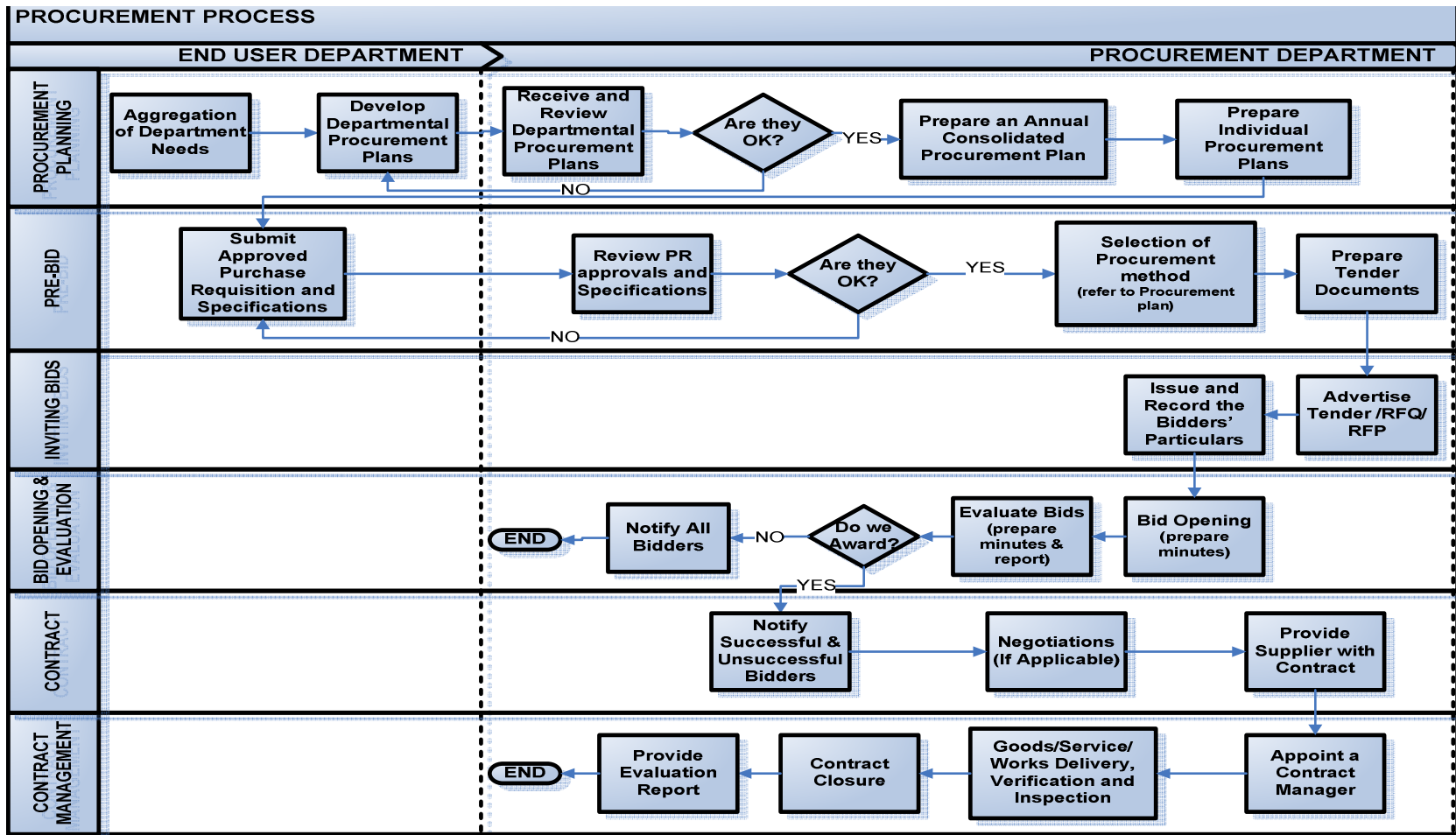
10.3 EVALUATION OF INSURANCE NEEDS

The public body has to undertake a comprehensive analysis of risk and insurance needs before the procurement process begins, so that project costs are optimised to include insurance coverage. This analysis provides an informed basis upon which the Public body will decide which risks it should take on itself and which should be covered by insurance. The obligation to analyse insurance needs extends to the duration of the procurement and not merely to the implementation period, and includes all risks which a prudent investor would insure against.

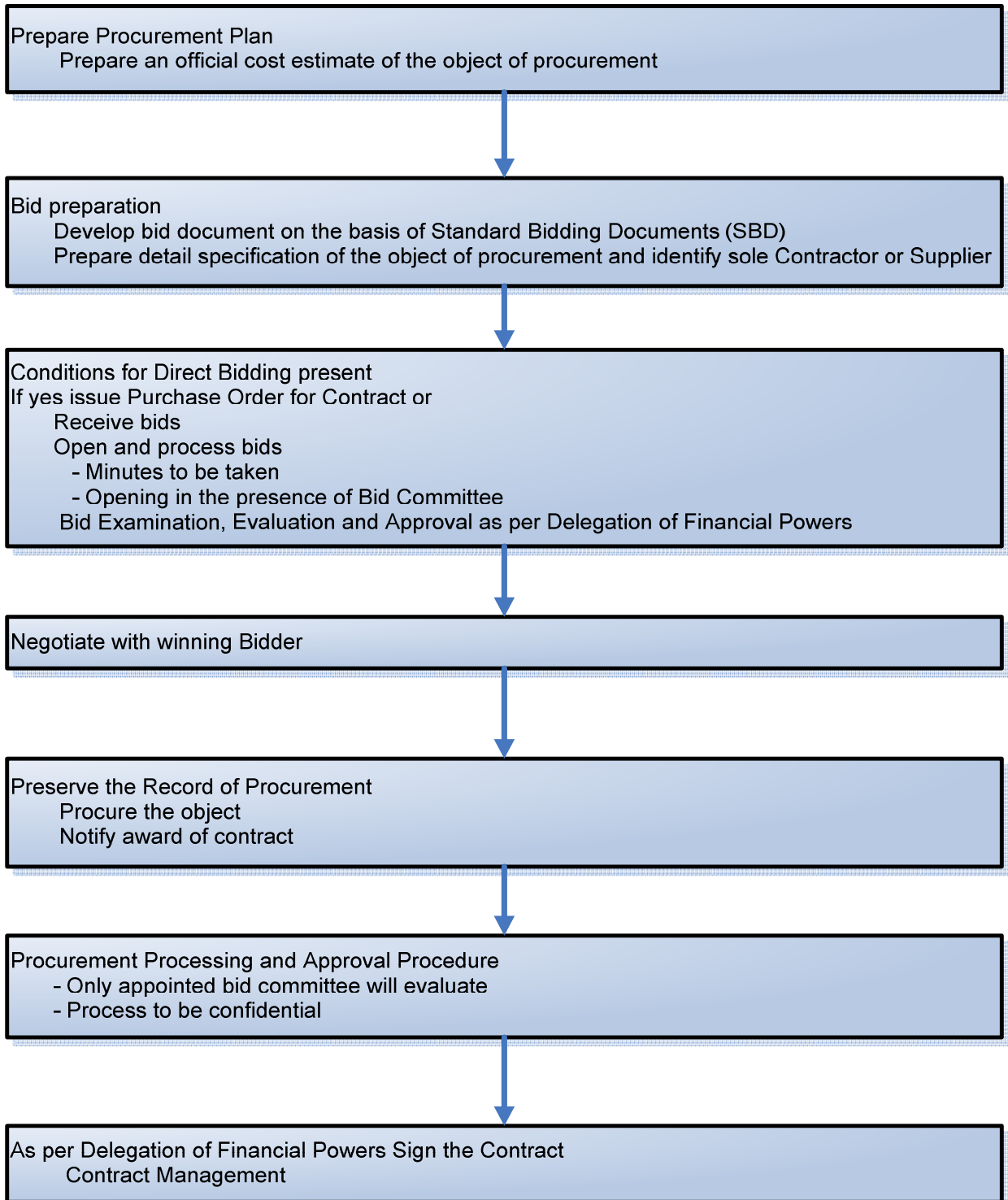
10.3.1 Effect of Transport and Insurance Issues in Bid Evaluation

All INCOTERMS are free of taxes including value added taxes (VAT), in the Federal Democratic Republic of Ethiopia. In most situations where only imported goods are involved, evaluation is generally straight forward, provided only one port or point of destination is specified. However, if imports can be received in a number of points or by different modes, the cost of different methods of further handling and transportation should be taken into account in bid evaluation

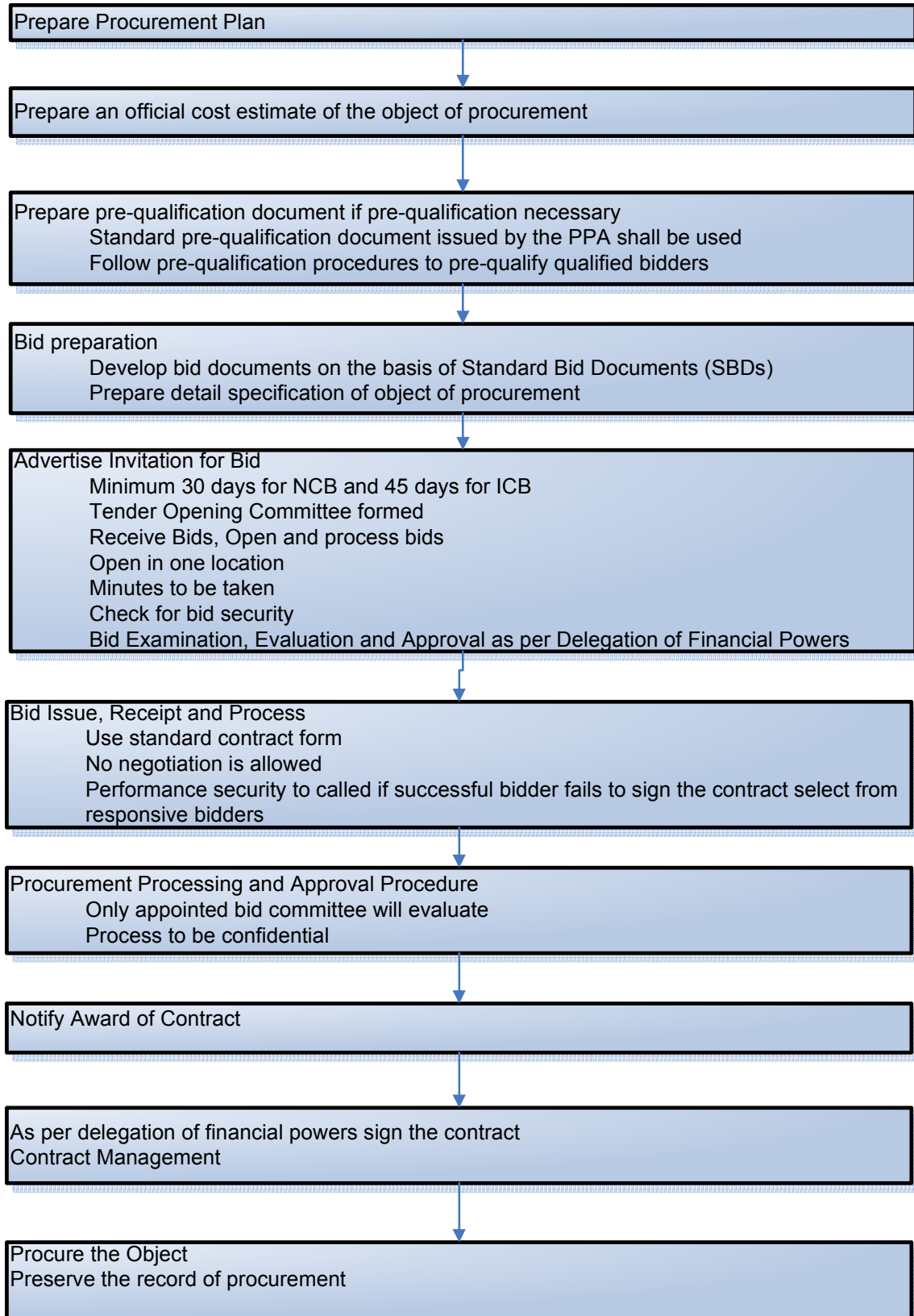
11 APPENDIX 11: PROCUREMENT FLOW CHARTS



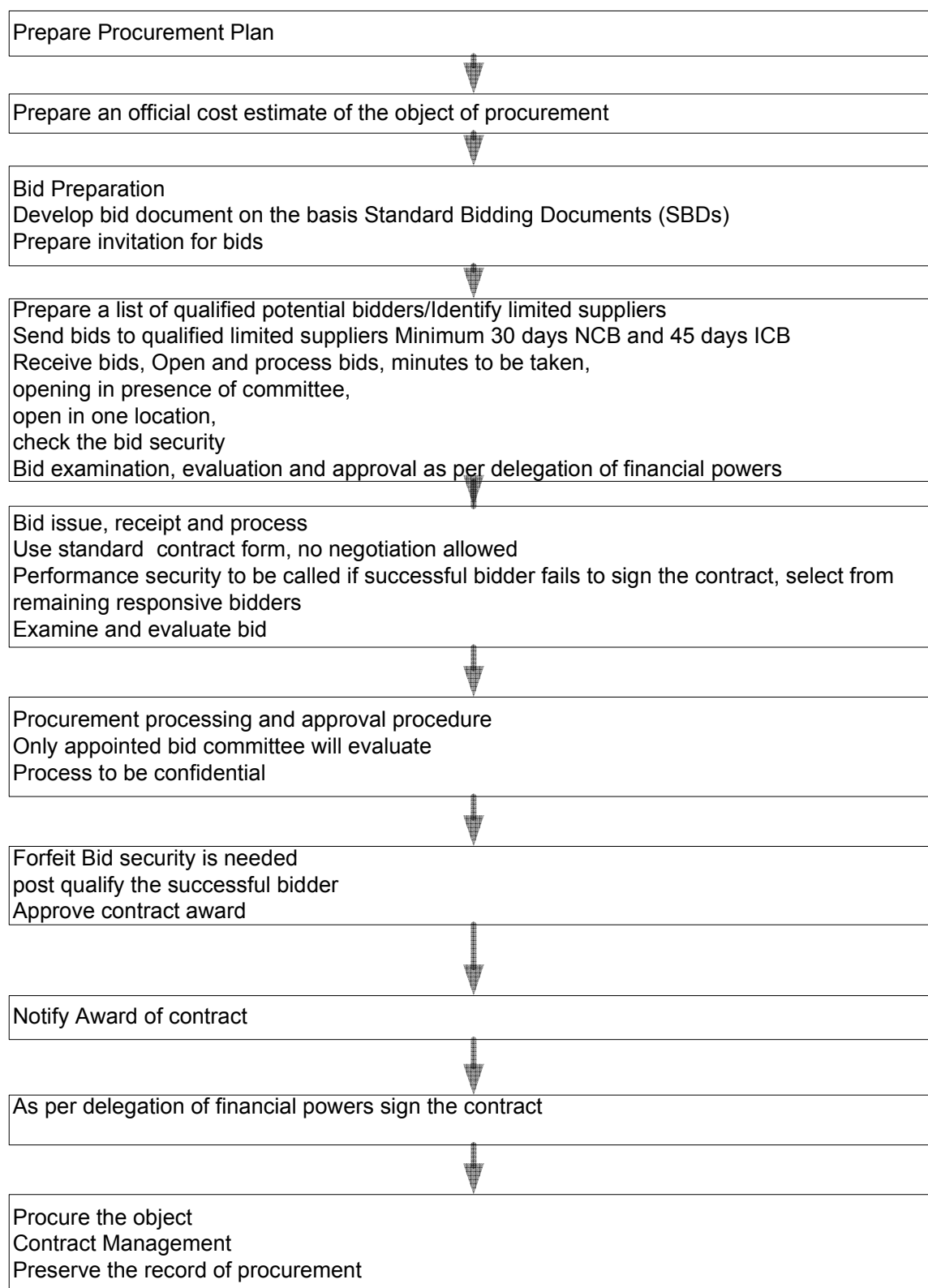
FLOW CHART: DIRECT BIDDING METHOD



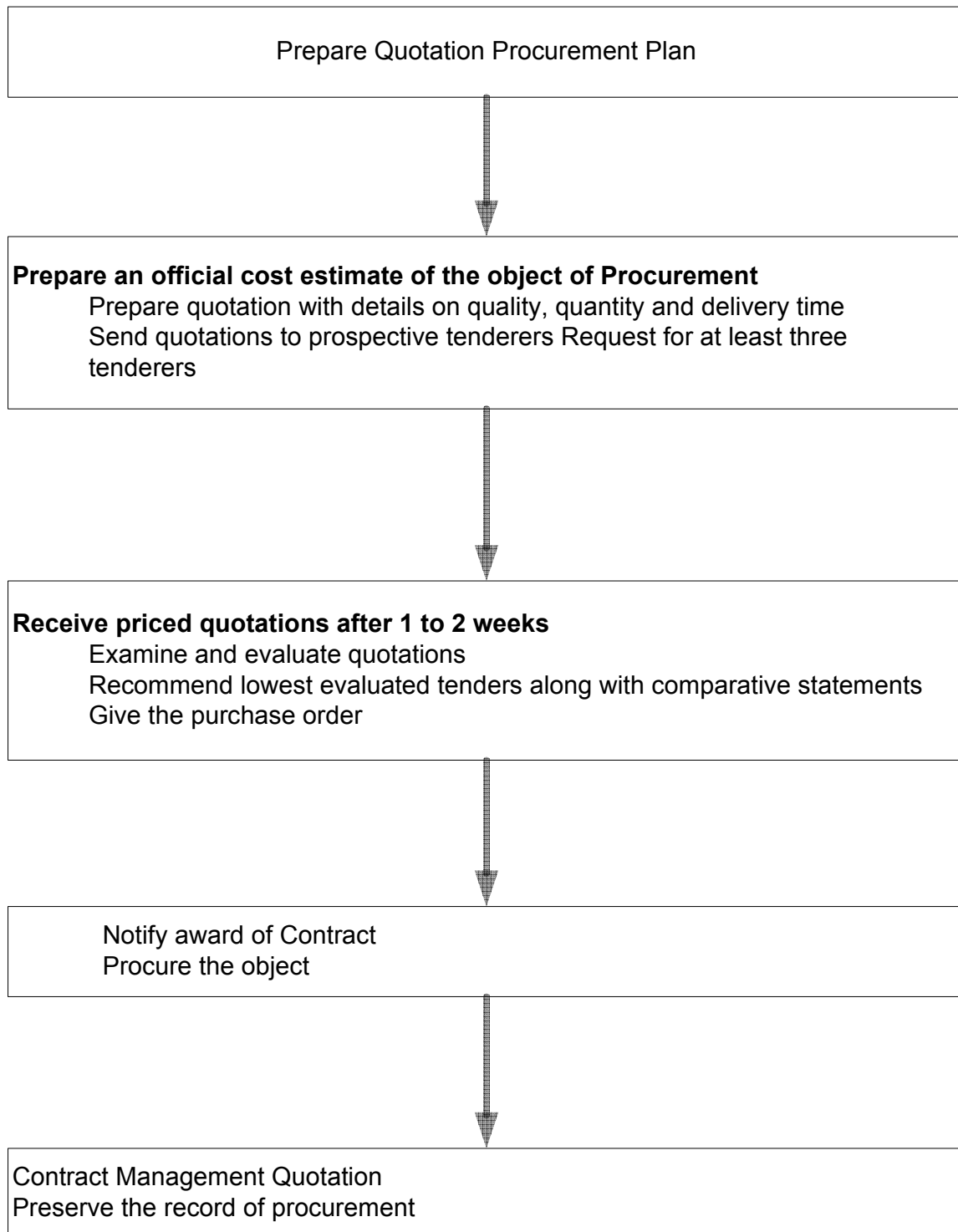
FLOW CHART: OPEN BIDDING METHOD



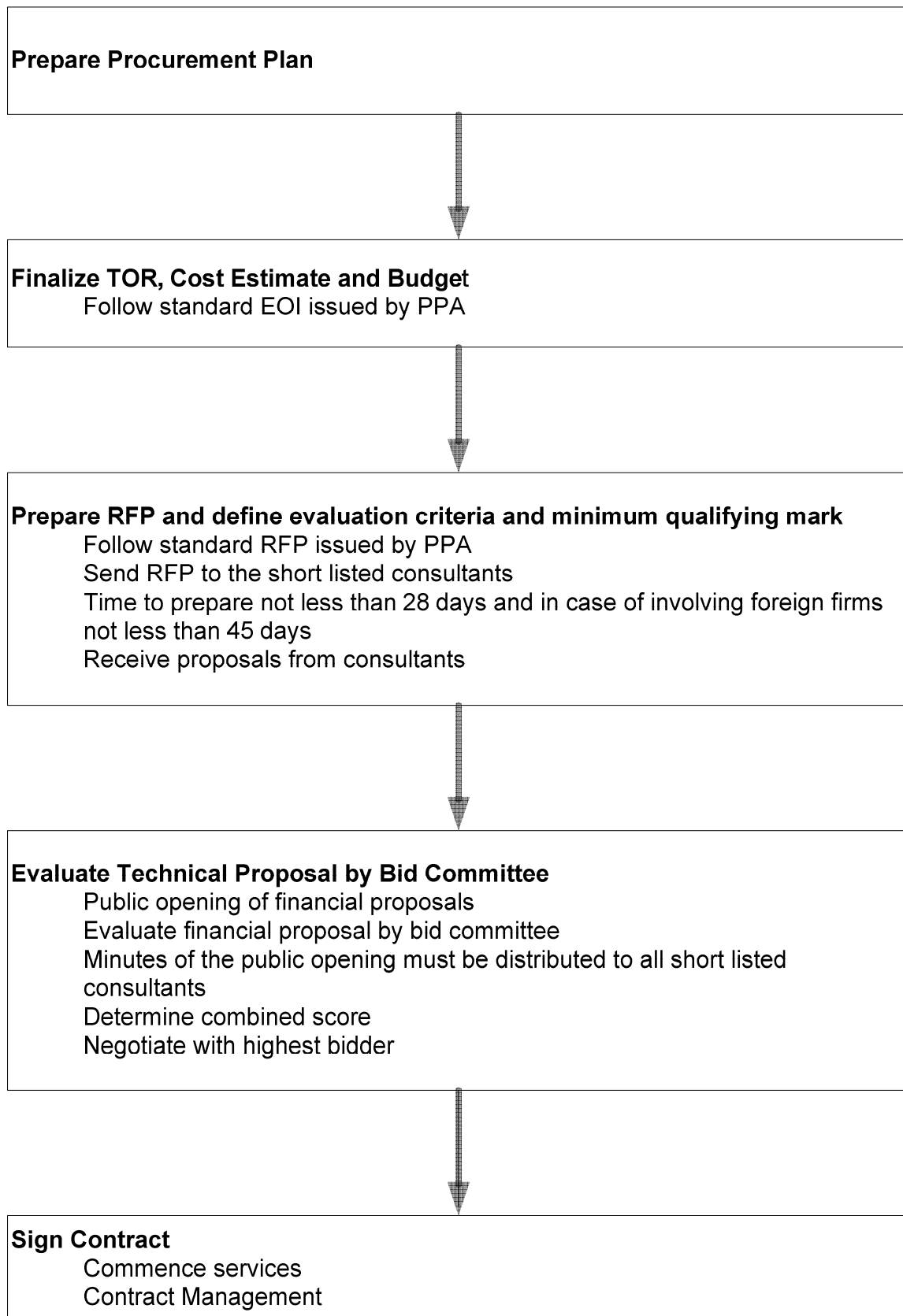
FLOW CHART: RESTRICTED BIDDING METHOD



FLOW CHART: REQUEST FOR QUOTATION METHOD



FLOW CHART: PROCUREMENT OF SERVICES QCBS SUB METHOD



12 APPENDIX 12: PROCUREMENT LINKS

Organization	Link
World Bank	www.worldbank.org
Organization for Economic Co-operation and Development (OECD)	www.oecd.org
World Trade Organization	www.wto.org
United Nations Development Fund	www.undp.org
United Nations Conference on Trade and Development	www.unctad.org
Department for International Development (DFID) (UK)	www.dfid.gov.uk
Transparency International	www.transparency.org
African Development Bank	www.afdb.org
Asian Development Bank	www.adb.org
International Training Centre	www.itcilo.org
The European Electronic Procurement Services	www.simap.eu
dgMarket—Tenders and procurement opportunities	www.dgmarket.com

13 APPENDIX 13: TERMS OF REFERENCE - CONSULTANCY

Terms of Reference are the initial statement to the consultant of the services to be performed and should therefore be clear and precise and should contain the following sections:

This Section should be prepared very carefully by the public body to ensure that the consultancy assignment is well understood by the consultants. For example:

Title: Consulting Services for Baseline Survey in Ethiopia

(a) Background,

The Federal Government Democratic Republic of Ethiopia has launched a project for computerization of land revenue record. The objective of the project is to improve and modernize the system of maintenance of land revenue records. It aims at improving public accessibility to the land record by simplifying procedures, introducing appropriate legal changes and deploying “robust software” to ensure delivery of wide range of land record services to the end-users. The project plan envisages setting up a Service Centre at each District where the Land Records are proposed to be computerized. The District Headquarters will also have a Supervision Centre headed by a District Project Manager. The Revenue Officers will also have a regular interface with the computerized system and will in fact be responsible for the entry of data regarding decided mutations.

There is need for significant institutional, legal and policy changes along with investment in human resource development, information systems and improvement in the available data bases on land. Baseline survey will collect important information to assess issues related to access, usage, outcomes, and impact of the project services on the population of Ethiopia.

(b) Objectives of the assignment

Baseline survey is the initial part of a broader Socioeconomic Assessment of the project. Socioeconomic assessment comprises three (baseline, mid-term and end-of-project) surveys. The objective of the socioeconomic assessment is to determine and assess the effectiveness of the Project to respond to the requirements and expectations of different stakeholders and make changes where required. The Project’s success will be assessed by client satisfaction with the new system vis-à-vis access to records, increased level of tenure security, improved services. These assessments will provide independent and objective feedback on outcomes of the project in the context of its development objective. The assessment will establish baseline measures prior to the initiation of the automated system in a given district and then tracking these indicators through to project completion

(c) Scope of the Services,

Taking Results Framework of the project as the starting point, the socioeconomic surveys including the baseline survey will further expand and elaborate on the range of objectively verifiable indicators and their means of verification. Results Framework describes intermediate outcomes for the entire project and by components and suggests indicators, tools and responsibility for the measurement of those outcomes. The socioeconomic surveys will focus on five entry points for social analysis: i) social diversity and gender, ii) institutions, rules and

behaviors, iii) stakeholders, iv) participation, and v) social risks. Issues related to entry points discussed below will be taken up in a survey round only if applicable at the time of that round.

Social Diversity and Gender: The assessment questionnaires and checklists for focus groups should systematically record information on the age, gender, location, education, land ownership, occupation, income, and rural/urban attributes of respondents. These categories will be used for comparison and analysis among various groups.

Institutions, rules and behaviors: Mid-term and end-of-project surveys will study the functions and interaction of, and among, Revenue Administration, courts, banks, other financial institutions, lawyers, and real estate agents, etc. as they relate to the project.

Stakeholders and participation: The Consultant will identify and classify various stakeholders of the project according to their needs, limitations and capabilities in the Inception Report mentioned below. The mid-term and end-of-project surveys will monitor the role of and effect on various stakeholders of project interventions. This would include landholders, underprivileged and the vulnerable, all the institutions mentioned above, and businesses and civic society in general.

Socioeconomic risks: The assessment will identify any risks that might make any or all groups of stakeholders vulnerable in terms of access to project services or its benefits. The risks may be caused by factors outside the control of the project. As such, the assessment should scan the broad social, economic and political dimensions in the emerging context to identify potential threats and constraints to the stakeholders.

(d) Training (where appropriate),

As part of the deliverables staff training will be crucial to the success of the implementation.

(e) Reports and Time Schedule,

The baseline survey report(s) should include at least the following chapters:

1. Introduction of the project
2. Methodology for entire socioeconomic assessment
3. Methodology for the baseline survey
4. Socioeconomic characteristics of the population
5. Current institutional view of service provision
6. Access to frequently used land records services
7. Constraints faced by the customer presently in access to land records services
8. Costs entailed in obtaining an acre (cost, time and other aspects)

9. Access to existing grievance redress mechanism
10. Requirements, expectations and responsiveness of stakeholders
11. Socioeconomic risks
12. Recommendations

Outputs

Inception Report: At the outset of the consultancy that details methodology, timeline and anticipated outputs.

Questionnaire(s) and Tabulation Plan: To be submitted before the start of the actual enumeration of data, the report will contain questionnaire(s) and checklists for interviews of the target beneficiaries, a detailed tabulation plan based on the questionnaires and requirements given in the methodology.

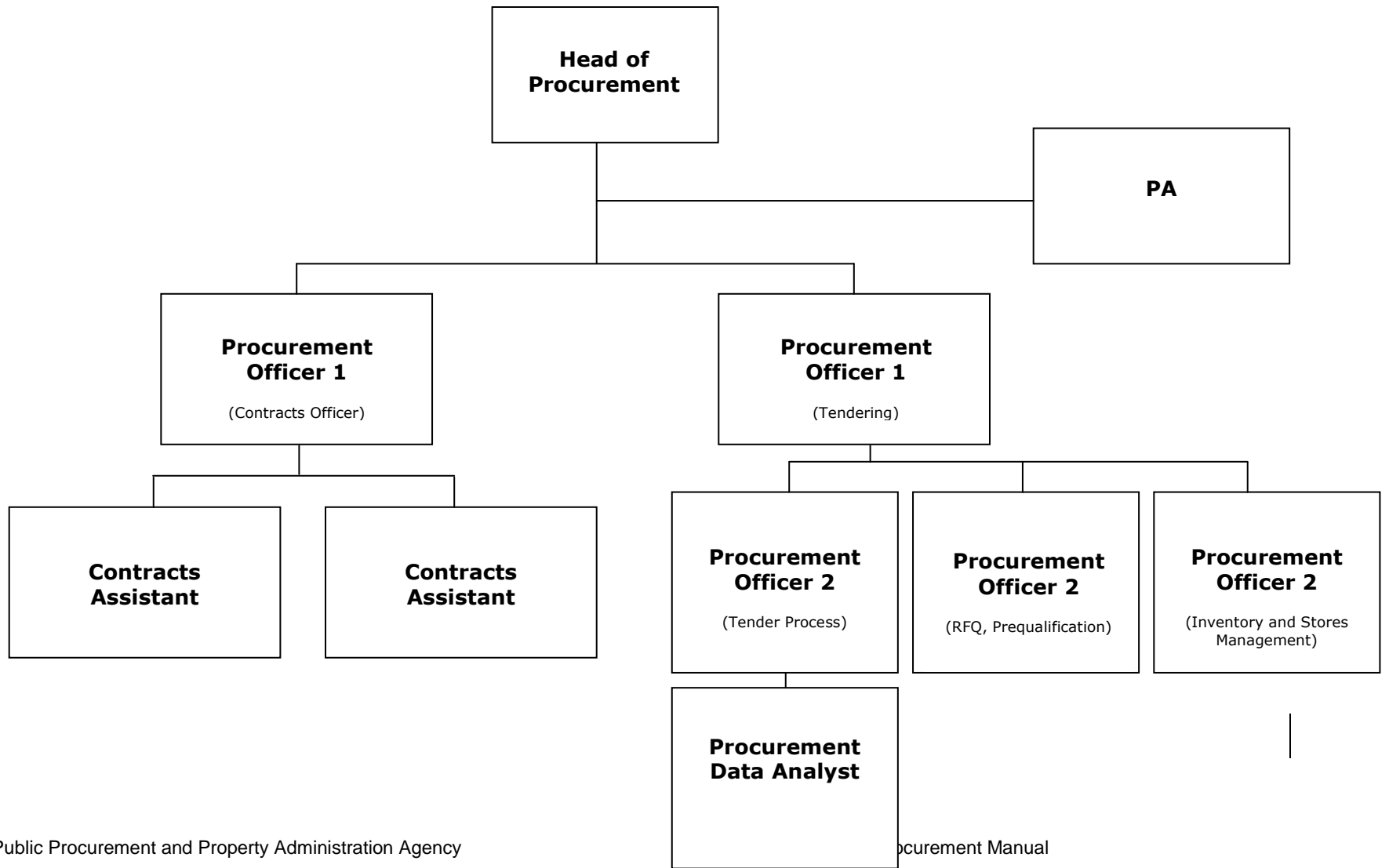
Draft Baseline Survey Report: This report will cover findings and recommendations for baseline assessments according to the outline given above.

Final Baseline Survey Report: This report will be revised version of the Draft Baseline Survey Report incorporating the comments of the client on the above draft report.

(f) Data Services, Personnel and Facilities to be provided by the Client, and

(g) Terms of Payment.

14 APPENDIX14: SAMPLE PROCUREMENT UNIT ORGANOGRAM



Public Procurement and Property Administration Agency

Procurement Manual

15 APPENDIX 15: SAMPLE JOB DESCRIPTION - HEAD OF PROCUREMENT UNIT

POST TITLE: Head of Procurement Unit

POST NUMBER:

GRADE: XXXX

DEPARTMENT: Procurement Unit

PERSON RESPONSIBLE TO: Head of Public Body

15.1 MAIN JOB PURPOSE

- 15.1.1 To, develop, manage and lead the procurement department, ensuring procurement requirements across the organization are delivered in a timely and cost efficient manner and that strategy, policy, objectives and targets are set to maximize power of purchase, economies of scale and customer satisfaction and inline with the Procurement Proclamations and Directive.
- 15.1.2 Management and Leadership
 - 15.1.2.1 Manage and lead all procurement activity, ensuring that operations are transparent, accountable, auditable and in accordance with the Public Procurement Proclamation, Directive and other relevant statutory legislation.
- 15.1.3 Communication
 - 15.1.3.1 Liaise as appropriate, with relevant Institutions and Professional Bodies in order to implement and maintain best practice and professional competence within the Procurement Team.
 - 15.1.3.2 Manage an effective and timely consultation process with all internal Customer Departments so that their procurement needs are fully understood and delivered.
 - 15.1.3.3 Represent the public body and the Procurement Team at meetings with suppliers, leading on negotiations, establishing service level agreements, achieving best value for money, resolving supply issues and building strong customer / supplier relationships.
 - 15.1.3.4 Provide pertinent and timely procurement advice to own staff and other employees on matters relating to; Procurement Process, Public Procurement Proclamation and Directive and other statutory provisions that affect procurement.

15.2 POLICY AND SERVICE DEVELOPMENT

- 15.2.1 Develop and implement the public body's Procurement Plan, updating it continuously to meet the organization's mission.
- 15.2.2 Establish and maintain Formal Contracts and Framework Agreements in key spend areas, which support the public body's objectives.
- 15.2.3 Establish and adopt mechanisms for assessing both supplier and Procurement Team performance, including benchmarking activity, Key Performance Indicators, and appropriate Service Level Agreements.
- 15.2.4 Establish supply chain processes that will reduce the cost of trading with suppliers, taking advantage of developments in information technology e.g. E-commerce, supply chain logistics, quality assurance, etc.

15.3 INFORMATION AND DOCUMENTATION

- 15.3.1 Maintain the accuracy and quality of all procurement records for reference, management, legal compliance and audit purposes, by ensuring that suitable systems and procedures are in place.
- 15.3.2 Ensure that procurement records are maintained and safeguarded in accordance with the Procurement Proclamations and Directive and other statutory requirements.
- 15.3.3 Ensure that the format, content and issuance of procurement documents to bidders are in accordance with the Procurement Proclamations and Directive;
- 15.3.4 Prepare and issue monthly, quarterly and annual activity reports to the Head of Procuring Unit.

15.4 SPECIFIC PROVISIONS

- 15.4.1 Ensure that the preparation, publishing and distribution of procurement opportunities including invitations to tender, pre-qualification documents and Request for Expressions of Interest comply with the provisions of the Procurement Proclamations and Directive;
- 15.4.2 Ensure that notices of award, tender acceptance, rejection and debriefing are prepared in accordance to the Procurement Proclamations and Directive;
- 15.4.3 Ensure that contract documents are prepared, in line with the award decision and the requirements of the Procurement Proclamations and Directive;
- 15.4.4 Implement the decisions of the Bid committees including coordinating all activities of these committees;

- 15.4.5 Liaise with the Agency (PPA) and other bodies on matters related to procurement;
- 15.4.6 Prepare and submit to the Agency reports required under the Procurement Proclamations, the Directive and guidelines of the Agency;
- 15.4.7 Monitor contract management by user departments to ensure implementation of contracts in accordance with the terms and conditions of the contracts;
- 15.4.8 Report any significant departures from the terms and conditions of the contract to the head of the public body;
- 15.4.9 Co-ordinate internal monitoring and evaluation of the supply chain function;
- 15.4.10 Ensure that periodic market surveys are carried out to inform the placing of orders or adjudication by the relevant award committee;
- 15.4.11 Ensure that periodic and annual stock taking is conducted in accordance with the financial and statutory requirements;
- 15.4.12 Certify the invoices and payment vouchers to suppliers;
- 15.4.13 Ensure that Inventory is maintained to achieve Organizational business goals and objectives of economy.
- 15.4.14 Carry out any other functions and duties as are provided under the Procurement Proclamations and Directive and any other functions that might be stipulated by the Agency.

15.5 MINIMUM QUALIFICATIONS/REQUIREMENTS

- 15.5.1 The applicant should possess a University degree in Procurement/Purchasing and Supplies, Commerce, Economics or Business Administration and be a member of a recognized procurement association. Possession of a Masters Degree in Procurement/Purchasing and Supplies or its equivalent would be an added advantage.
- 15.5.2 Knowledge, Skills and Abilities Required:
 - 15.5.2.1 Comprehensive working knowledge of the Procurement Proclamations and Directive;
 - 15.5.2.2 Knowledge of procurement planning;
 - 15.5.2.3 Excellent communication, interpersonal and negotiation skills;
 - 15.5.2.4 Ability to supervise, train and direct assigned staff including monitoring and evaluating work performance;

15.5.2.5 Computer literacy;

15.5.2.6 Ability to work under pressure and meet strict deadlines.

15.6 EXPERIENCE

15.6.1 Minimum of five (5) years' experience in a similar or senior management position in a large and reputable organization.