

INTERNAL PROCUREMENT RULES

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POLICY

The Internal Procurement Rules are intended to be a source of information and guidance for HOPE'87 and its partners with effect from December 1st 2023. They are compulsory for all procurement activities by HOPE'87 and the partners of HOPE'87. The IPR sets out the procurement policy together with such rules and procedures that guarantee safe and efficient procurement ensuring that the due processes deliver goods, services and/or works in the correct quantity, quality and within time.

1. Competitive Bidding

The policy objective of procurement with funds donated to HOPE'87 is to provide the appropriate quality and quantity of goods and services to support HOPE'87 operations at the time and place that they are needed and in the most cost-effective manner with the best price-quality ratio, while taking into account the following considerations:

- The mandate of HOPE'87;
- The fairness, integrity and transparency of the process;
- Non-discrimination and equal treatment of vendors; and
- The award of contracts on the basis of competitive bidding.

Competitive bidding shall be applied in all procurement undertaken by HOPE'87. Competitive bidding requires that three or more qualified vendors be solicited for written offers/proposals when the value of the contract has an expected value of more than € 1,000 (or equivalent). Further details, such as sealed bidding, are given under "Procedures". The Chief Financial Officer (CFO) may make exceptions from the competitive bidding rule in the following cases by providing the reasons for his/her decision on basis of a statement of the circumstances:

- (a) Prices or rates are fixed pursuant to national legislation or by regulatory bodies (may be the case for fuel);
- (b) Standardisation of supplies, equipment or spare parts render competition impracticable (e.g. toner cartridges for a particular photocopier machine);
- (c) Exigencies of service do not permit the delay attendant upon issuance of a Request for Quotation (RFQ, for goods), or an Invitation to Bid (ITB, budget over € 50,000), or a Request for Proposals (RFP, for services), (e.g. goods that are required immediately to prevent harm to life, health or well-being of refugees); i.e., true emergency¹ exists – urgent need owing to delay by those responsible or failure to plan adequately does not qualify for waiver;
- (d) The proposed contract relates to procurement from a sole source of supply or services (e.g. sole authorised vendor);

¹ Emergency is defined as an unexpected situation that is so compelling that, if not corrected immediately, would endanger life, property or adversely affect essential operations. The emergency is so great that it precludes requisitioning through normal supply channels, use of normal contracting methods and obtaining advanced approvals normally required to respond to the situation. Examples include a sudden influx of refugees or fire or flood in a refugee camp.

- (e) RFQ/RFP would not give satisfactory results or would not be deemed in the interest of the organisation, as e.g., a contract is to be extended and changing the entity would not provide continuity in the work;

It is important to strictly adhere to these procedures and keep exceptions to an absolute minimum. The CR or his/her delegate must approve in writing, all exceptions to the policy, which requires competitive bidding.

2. Local versus International Procurement

To support the economies of refugee-hosting countries, preference is to be given to procurement of goods manufactured in the area of operation and supplies or services readily available locally in the quality required at competitive prices (see Contract Award). For International Procurement, solicitation documents (RFQ, ITB, RFP) should have a wide geographical distribution, i.e. not limited to a procurement agent or vendors domiciled in the IP's country of headquarters.

3. Business Opportunity

The following should be observed when dealing with vendors and their representatives:

- Provide equal opportunity for vendors to make price and specification quotations;
- Encourage vendors to test and develop improved products and services;
- Keep vendors informed of current and anticipated requirements;
- If, for any reason, one vendor is allowed to re-quote, all competitors should be given the same opportunity. Re-quoting must be absolutely exceptional.

4. Quality and Delivery Time

A function of a Logistics Officer is to assure that goods and services required to support operations are supplied in a timely manner, of adequate quality and quantity and at the lowest cost.

The Logistics Officer has the responsibility to carefully review purchase requisitions concerning specifications, allocated budget and delivery time and, when in doubt, make appropriate inquiries to the requestor.

If local expertise is not available, the advice of the HOPE'87 headquarters should be sought before purchasing special relief items such as chemicals (pesticides, fertilizers, water treatment reagents, etc.), specialized equipment (laboratory, agricultural, medical/surgical, water supply, sanitary, etc.) and services. If the relevant expertise is not available, the HQ may be consulted to examine the requirements to ensure that appropriate goods/services are purchased.

Delivery time must take into account lead time required by Logistics Officer or HOPE'87 to prepare the RFQ, ITB or RFP documents, the ability of the market to respond, evaluation of offers/proposals, production time, transport time and delivery to final destination.

If Emergency (see Competitive Bidding, (c)) is invoked, a written explicative “Emergency Statement” must accompany the Requisition.

5. Contract Award

The Purchase Order or Service Contract shall be awarded to the qualified bidder whose bid is evaluated to be the lowest offer/proposal meeting the requirements. In other words, any criteria specified in the solicitation documents, such as quality, delivery time, payment terms and compatibility with existing equipment, may be used to evaluate the offers/proposals.

HOPE'87 procurement policy gives due consideration to the procurement of goods and services in the area of operation to support the economy of refugee-hosting countries. In practice, this translates into a 15% price bonus for locally manufactured goods as compared to the customs cleared cost of international procurement and to service providers whose head office is registered in the country. A comparative analysis of local and international procurement of assets and large purchases must be documented.

Offers for Service Contracts or contracts requiring special skills and qualifications should be evaluated in the first instance against the substance of the proposal. In other words, how close does the offer match the specified requirements? The financial offer is evaluated subsequently and the score of this part is then combined with the technical score to reach a total score (see Annex G, Evaluation of Proposals). For this reason, the companies offering bids should be requested to submit their proposals in two separate envelopes, the first to contain the general and technical proposal and the second the financial proposal. Proposals for service contracts are evaluated in accordance with technical criteria established by the technical evaluation committee and chaired by the requestor, and commercial/cost criteria evaluated by the buyer. The buyer, considering input from the requestor establishes the respective weights for technical and cost criteria. A 70:30 technical versus cost ratio is a common weighting for normal service contracts.

Pre-award surveys are recommended prior to the first award to a new vendor for a contract of high value, high priority or complex goods/services. Among the topics to be surveyed should be the vendor's credit rating, affiliations, familiarity with the technical requirements, facilities, experience, references, capacity, production equipment, type of personnel, etc.

6. Procurement Responsibilities

It is necessary to protect the Logistics Officer and the CR of HOPE'87 formulating clearly defined procedures to authorize Requisitions, obtain offers/proposals, authorize invoices, make expenditures and dispose of assets.

The Country Representative (CR) has the ultimate authority and responsibility for the procurement of goods and services necessary to support operations.

The CR will assure that coherent purchasing functions are established and maintained in the country office. The CR then delegates, as he/she finds appropriate, the responsibility for the various elements of this task to members of his staff according to their qualification.

Since purchasing requirements vary considerably depending upon the task of the country office, it is understandable that Logistics Officer will vary in size and composition. However, certain basic functions must always be fulfilled no matter what shape the procurement operations take, and it is up to the CR to establish a formal structure that is relevant to the needs of the country office.

It is the CR's responsibility to ensure that proper controls for monitoring and review are in place. It is also the responsibility of the CR to assure that a local Procurement Manual exists, which provides detailed guidance to procurement staff for the effective operation and make sure that there is no conflict with the basic policies and procedures in these INTERNAL PROCUREMENT RULES.

The Logistics Officer shall:

- Provide a service to other units by acting as the principal contact between vendors and the country office. It serves as the exclusive channel through which all requests regarding prices and products are handled, as well as correspondence with vendors concerning prices and quotations.
- Be responsible for making final determination of supply source, price and delivery schedule, in conjunction with other units when appropriate. Only authorized Procurement Unit staff should undertake negotiations with vendors. Only the authorized Logistics Officer formally delegated by the CR are authorized to make commitments for the purchase of goods and services.
- Be responsible for developing a sufficiently wide range of sources to provide adequate competitive bids.
- Make sure that adequate measures have been taken to safeguard the vendor confidentiality.
- Ensure that all follow-up activities after the issuance of a contract are maintained.
- Keep the CR informed about economic and market conditions.
- Ensure that BO employees involved in procurement are complying in all respects with laws that apply to their purchasing activities and strictly adhere to the Standard of Conduct and Business Ethics laid down in this document.

It is the employee's responsibility to consult with a superior if policies and procedures are not completely clear, or if there may be difficulties fulfilling the requirements of any policy or procedure.

7. Limitation of Authority and Value Bands

The CR will design the authorization level accorded to individual Logistics Office staff. There should be two Authorization Schedules pertinent to procurement:

- The first schedule authorizes specified officers to make purchase commitment for the purpose of procuring goods and services;
- The second schedule authorizes specified officers to make, or approve cash or bank disbursements.

In order to safeguard "checks and balances", an Logistics Office employee will only be authorized in one of the two schedules, i.e. commitment or disbursement. The Authorization

Schedule defines the monetary level of authorization delegated by the CR. This schedule covers all expenditure. The schedule may not be circumvented in any way. Purchases or payments may not be split or delayed in order to avoid obtaining the correct level of approval.

Standard Authorization Schedule

Authorized staff (title + name)	Value € (or equivalent)	Purchase commitments	Disbursement approval	Sample signatures
Logistics Officer	Up to € 1,000,-	Yes	Yes	
Finance Manager	Up to € 10,000,-	Yes	Yes	
CR and Finance Manager jointly	Over € 10,000,-	Yes	Yes	
CR and CFO (HQ)	For all international procurements	Yes	Yes	

8. Standard of Conduct

Dealing with outside firms engaged in the selling of goods and services is an activity that is potentially vulnerable to fraud or corruption. All HOPE'87 employees with designated procurement authority should therefore understand and observe the following Code of Conduct:

- Business will be conducted ethically (see Business Ethics) in a manner above reproach and with total impartiality, and preferential treatment for none;
- Maintaining the integrity and confidentiality of the procurement process is of paramount importance.

HOPE'87 employees must beware of what constitutes conflict of interests:

- Staff conduct should not foster any suspicion of conflict between professional duty and personal interest, coercion and collusion;
- Nobody will solicit or accept, directly or indirectly, any gift, favor, entertainment, loan or anything of monetary value from vendors or potential vendors. The only exception to this rule is inexpensive public relation gifts, valued at less than € 20,--, such as business diaries, calendars or pens;
- Bids shall not be solicited from, nor contract awarded to, any company that is owned, controlled or actively influenced by any HOPE'87 employee or an immediate relative to that employee;
- If a vendor participates in developing or drafting specifications, these must be kept as generic as possible so as to avoid unfair advantage of the vendor who assisted in their preparation.

9. Business Ethics

In the conduction of business HOPE'87 strives to attain and call for following principles:

- Promote fair, ethical and legal trade practices (including transportation and cargo);
- Ensure that no child labor, nor forced labor as laid down in Conventions No. 138, 182, 29 and 105 of the International Labour Organization is in any case involved by producing the goods or services;
- Ensure that the producer of goods, supplies, works or the service provider (as the case may be) are respecting the freedom of association and the right to collective bargaining and equality of opportunity and treatment in respect of employment and occupation as laid down in Conventions No. 87, 98, 100 and 111 of the International Labour Organization;
- Ensure that the operations of the producer of goods, supplies, works or the service provider (as the case may be) are environmentally friendly;
- Ensure that the producer of goods, supplies, works or the service provider (as the case may be) respects the labor and social laws of the respective country of implementation
- Ensure compliance to the humanitarian principle of neutrality;
- Accord prompt and courteous reception in an atmosphere of good faith and equal treatment, devoid of intentional misrepresentation;
- Treat all information received from vendors in the strictest confidence. Guarantee the confidentiality of all specifications and price quotations received;
- Decline to take advantage of vendor's errors but show cooperation;
- Avoid causing needless expenses or inconvenience when requesting offers/proposals;
- Declare "for information purposes only" if the request will not result in the award of a contract;
- Remain absolutely free from any obligations to any vendor;
- Everything possible is done to ensure no fraud or corruption in any cases;
- Make every reasonable effort to negotiate an equitable and mutually agreeable settlement of any controversy with a vendor.

If, exceptionally, negotiations are conducted with more than one prospective vendor, such negotiations must refrain from any price auction or technical leveling (bringing proposals up to the level of the best offer/proposal).

10. Documentation of Procurement Actions

All procurement activities must be fully and transparently documented. This is the only means that the Logistics Officer has of managing its procurement process and demonstrating to HOPE'87 that funds are being responsibly committed. A completed purchase must be supported with a fully cross-referenced “stand alone” file. Documentation must be completed fully and accurately in every case. Well-designed procurement forms will basically mirror each step of the procurement process and, if employed correctly, they will allow effective management of procurement activities.

In order to process payment to a vendor for goods, the Country Representative requires an original invoice, the original Receiving Report (if DDU delivery), or hand-over documents to the freight forwarder, Third Party Inspection Report, if applicable, and a copy of the Purchase Order. For payment against a Service Contract, a copy of the contract is required together with the original invoice approved by the requestor, and the Evaluation for the last payment.

A typical “stand alone” procurement file would contain the following, in this order, and separated by dividers for easy reference:

- Requisition;
- Company names and contact persons for vendors solicited;
- Copy of the RFQ, ITB or RFP;
- Original offers/proposals from responsive vendors, including all related correspondence;
- Evaluation of offers/proposals or approved waiver, justification for vendor selection and award price;
- Justification for lack of competition when less than 3 bids were received;
- Copy of the Purchase Order or Service Contract including orders for inspection and insurance, if applicable;
- Expediting documents;
- Customs clearance documents (if international procurement);
- Copy of the Receiving Report;
- Copy of the vendor invoice;
- Other documents and correspondence related to the contract.

The Country Representative must document any anomalies or deviations from policy or procedures in a purchase with a signed explanatory “note to the file”. Full supporting documentation will answer any question that an auditor or external examiner may raise.

PROCEDURES

This Section is a recollection of some points to which HOPE'87 wishes the CR and the Logistics Officer to pay special attention and, if required, integrate into their procedures.

11. Definitions

Advance payment: Should normally not be used altogether. If absolutely unavoidable, only the Finance Manager may approve advance payments for amounts not exceeding the lower of 50 per cent of the full contract amount or € 10,000. He/she is also responsible for ensuring that advance payments are only authorised:

- Where the advance payment is fully justified; and
- Where the advance payment does not present a financial risk to the CR.

Expendable Property: Items with an original purchase cost of less than € 1,500 per unit (excluding freight and insurance charges) or which have a life expectancy of less than five years, with the exception for Special Items (non-expendable).

Assets (non-expendable property): Items with an original cost of € 1,500 or more per unit (excluding freight and insurance charges) and also have a life expectancy of at least five years. Special Items, exceptionally considered as non-expendable, are vehicles (except bicycles), computer equipment, road making & agricultural equipment, boats, telecom equipment and security equipment.

Requisition: Standardised forms containing detailed specifications, which are completed by the requestor and duly authorised, in order to initiate the procurement process by the responsible person.

INCOTERMS: The trade terms used internationally to specify the obligations for delivering goods in international contracts (i.e. FOB, CIF, etc.). These trade terms are regularly updated and issued by the Austrian Federal Economic Chamber.

Finance Manager: The officer/supervisor appointed by the Secretary General and the CR.

Procurement: Process which includes definition of requirements, sourcing, evaluation of offers/proposals, contract award, inspection, delivery, installation and commissioning.

Local procurement: Procurement of goods or services in the country where an office or programme is located or in a neighbouring country, in particular if the office/programme is located close to an international border.

Requestor: The Logistics Officer or staff member submitting a request for goods or services to be procured;

Vendor: A provider of goods or services.

Request for Quotation (RFQ): A solicitation document that describes the requirements quantitatively and qualitatively and requests prices and commercial terms from vendors, for goods that meet neutral specifications and are usually readily available on the market.

Invitation to Bid (ITB): A solicitation document in which the requirements for formal competitive bidding are specified for contracts with a budget over € 50,000.

Request for Proposals (RFP): A solicitation document designed to obtain proposals for services to satisfy a requirement that cannot be described in a complete or definitive manner. An RFP leads to the selection of the proposal that offers the best value in accordance with the pre-defined evaluation criteria. Where appropriate, the RFP will indicate that negotiation may be undertaken in respect of the preferred proposal.

Contract: A deliberate agreement between two or more competent persons/parties to perform or not to perform a specific act or acts. A Purchase Order when accepted by the vendor becomes a contract.

Purchase Order: A contract for the procurement of goods.

Service Contract: A contract for the delivery of services. **Service** contracts cover all intellectual and non-intellectual services other than those covered by supply contracts, works contracts and property contracts. Service contracts equally comprise study and technical assistance contracts.

A Study contract is a contract concluded which includes studies for the identification and preparation of projects, feasibility studies, technical studies and audits. A Technical Assistance contract is a contract where the contractor is called on to play an advisory role, to manage or supervise a project or to provide the consultancy specified in the contract.

Supply Contract: A contract for the delivery of supplies. **Supply** contracts cover the purchase, operational leasing, rental or hire purchase, with or without option to buy, of products. The delivery of products may in addition include sitting, installation and maintenance.

Works Contract: A contract for the delivery of works. **Works** contracts cover either the execution, or both the execution and design, of works or the realisation, by whatever means, of a work corresponding to the requirements specified by the contracting authority. A 'work' means the outcome of building or civil engineering works taken as a whole that is sufficient by itself to fulfil an economic or technical function.

Property Contract: A contract covering the rental of land, existing buildings or other real estate. Purchase of immovable assets can only be financed by the express prior approval of the donor(s) in writing.

A contract covering both works and services shall be considered a service contract whenever the value of the services in question exceeds that of the works included in the contract. The same principle shall apply to define the procurement procedure to be followed in other **hybrid contracts**, i.e. contracts having as object a combination of different types of contracts.

12. Identifications of Needs

Planning of requirements by the requestor must be at the forefront of all purchases. Most supply requirements are anticipated and result from the annual budget and business planning process.

If exceptional circumstances prevent planning and early notification of the requirement, it is still required that purchasing processes and procedures are followed. If this is not possible because of urgency, approval should be sought from the Country Representative and the reasons and circumstances for the urgency fully documented.

Before initiating any procurement, it should be a standard measure to check if the goods, and in particular assets, are available from other sources than procurement (e.g. redeployment).

No procurement activity will be carried out without a fully completed and authorized Requisition. The buyer should provide planning support i.e. he/she supports and advises the requestor in completing the Requisition and gives appropriate input as regards to:

- Quality;
- Delivery expectations;
- Detailed specifications;
- Policy and procedures

13. Requisition

A formal written Requisition must be made by an authorized requestor (i.e. a person or unit with authority over a budget) to the Country Representative in order to initiate the procurement process. The Requisition should be submitted on a standard Requisition form (see Annex B) that has been prepared by the Logistics Officer to include space for all relevant information.

The most fundamental review that the Country Representative makes of a Requisition, before proceeding with any procurement is to make certain that proper approval has been obtained. Note that Logistics Office staff is not authorized to alter specifications, quantity or other details of a Requisition unless changes have been discussed with the requestor and given appropriate approval.

The completed Requisition, along with the subsequent offers or proposals from vendors and evaluation done by the Logistics Officer serve to support the creation of a formal Purchase Order or Service Contract and eventual payment to a vendor.

14. Establishing a Bidders List

Good practice is to secure that more than three (3) offers/proposals are received, in particular where any of the following factors apply:

- There are many potential vendors;
- Some companies may decline from bidding;
- New vendors are entering the marketplace.

Potential vendors should be requested to fill in a Vendor Registration form (see Annex A) which will be evaluated by the Logistics Officer.

15. RFQ, ITB, RFP

The solicitation documents should furnish all information necessary for a prospective vendor to prepare an offer/proposal and should explain the main criteria for their evaluation. The rights of the CR regarding the acceptance or rejection of offers/proposals should also be stated.

Matters to be considered for inclusion:

I General (Supply, Services and Works)

Form of submission: Request for Quotation (RFQ) (see Annex C), Invitation to Bid (ITB) (see Annex C) or Request for Proposal (RFP) (see Annex F). An ITB should be used for contracts falling in the range of open tender and above as per Table 1. The ITB is a formal procedure and should always stipulate that offers/proposals must be submitted in sealed envelopes. For highly complex and specialized contracts, bidders may be asked to submit a financial proposal and a technical proposal in separate sealed envelopes. Sealed envelopes should be marked "not to be opened before (closing date/time)" and should bear the references requested by the Logistics Officer on the outside envelope for identification purposes. If the Country Representative can ascertain complete confidentiality for the receipt of offers by fax (e.g. on a fax machine to which the Logistics Officer has no physical access); the receipt of offers/proposals in this way may be considered.

Publication: A contract notice should be published for ITB/open local tender and open international tender as per the estimated value of contract mentioned in Table 1. ITB / Open local tender should be published locally in the country where the implementation of action takes place. The open international tender should be published in at least two publications of international repute.

Closing date/time: The response time allowed for offers/proposals is based on the complexity of the goods or services required. In practice, vendors are generally given 10 days to 2 weeks to respond to a RFQ, ITB or RFP. In cases of emergency, vendors may be required to respond in as little as 24 hours. For open international tenders this time limit may be enhanced to 4 weeks.

Validity of offers/proposals: must be sufficient for the Logistics Officer to complete the comparison and evaluation of offers/proposals, to clarify particular aspects of the proposed contract, to obtain all necessary approvals, to award the contract and to receive back the countersigned contract from the vendor;

Any specific conditions should be shown separately under the heading "Special Conditions of Contract" (e.g. the currency in which offers are to be made);

Conditions for Purchase Orders or Service Contracts (see Annexes I). In general, the party in a contract relationship submitting the first draft of a proposed agreement has a definite advantage. It is therefore important to secure that the vendor accepts the HOPE'87's general terms and conditions.

Number of copies of the offer/proposal that are required;

Performance security: A performance bond should be considered for high value contracts and critical projects. Such a performance bond should be provided by the vendor on or before the effective date of contract.

II Supply

An Offer Form can be used, giving technical specifications and delivery conditions (see Annex D);

A Warranty from the vendor for items which by their nature and price should normally be guaranteed against deficiencies;

For the purpose of evaluation and comparison of offers, bidders should be requested to quote on the basis of identical trade terms. Bidders are required to state the following:

- EXW unit prices (Ex Works),
- EXW total price, including cost for packing and loading;

and, as applicable, price increment for delivery according to INCOTERMS, e.g.:

- FCA to named place of departure (Free Carrier in);
- CIP to named place of port of entry (Carriage and Insurance Paid to);
- DDU to named place of destination (Delivered Duty Unpaid).

The cost of the following services, if required, should be quoted separately from the cost of the goods:

- Freight and other expenditures related to inland transportation and delivery by the vendor in the country of destination;
- Installation and commissioning;
- Training;
- Maintenance and repair;
- Detailed operations and maintenance manuals, etc.

If the Logistics Officer has exempt status in the country, no sales tax, customs duties and other import taxes levied in connection with an importation of goods, should be included in the offer. The bidder should specify that the prices quoted are free of customs duty and other taxes.

Local purchases should normally be payable in local currency.

III Services and/or Works (see also Contracting for Services and/or Works)

The main criteria for the evaluation of proposals (to be stated in the RFP documents Annex F);

All necessary background information, such as extracts from the implementing instrument;

A detailed description of the services to be provided (TOR = Terms of Reference), including an implementation schedule;

The payment schedule;

A request for customer references;

A request for staff references, if applicable.

Solicitation documents should be sent simultaneously to all potential bidders to ensure equal treatment.

Any potential bidder requiring additional information should make a written request either by letter, e-mail or by fax. The reply should likewise be in writing and a copy of the reply should be sent simultaneously to all other potential bidders. Should a meeting with potential bidders prove necessary to provide the additional information, a record of the meeting should be prepared immediately and provided simultaneously without delay to the requesting potential bidder and to all other potential bidders. Prompt action must be taken in order not to compromise the deadline for the submission of bids.

An extension of the closing date/time could be granted if justified by exceptional circumstances and so requested in writing by more than one bidder. When an extension is granted, all bidders shall be informed immediately and simultaneously. A bid opening may only take place after the new deadline for the submission of bids.

16. Reception of Offers/Proposals

Offers/proposals should be immediately sent/brought to the person designated to receive them for recording and safekeeping. Under no circumstances will an offer/proposal be opened, reviewed or examined, nor will it be marked or defaced in any way, prior to official opening.

Offer/proposals should be received at the designated place and time. If received after the deadlines they should not be considered. All late offers/proposals will be placed in the file with a copy of the letter to the vendor informing that it was late, could not be considered and requesting a timely submission in the future.

Offers/proposals required to be submitted in sealed envelopes but which are submitted in unsealed envelopes are also not to be considered.

The following arrangements should be made for the opening of offers/proposals:

- Sealed bidding (procurements through open bidding or higher): offers/proposals shall be opened (or disclosed, if received by fax as described under RFQ, ITB, RFP Form of submission) by preferably by an opening committee comprising at least 3 persons, ensuring of not having a conflict of interest and to assess the offers on the basis of the best value, preparing and signing a record of the bid opening, including at least the date and hour when it was held, the persons present and their initials, the number of offers/proposals received, and the names of the bidders.
- An official person unconnected to the procurement function should participate in the bid opening for procurements falling under open bidding or higher as per Table 1.

Those who open the offers should ascertain whether they:

- Meet the requirements for valid receipt specified in the solicitation documents;
- Have been properly signed.

No bidder should be requested or permitted to alter the offer/proposals after the closing. Any bidder may however be requested to clarify an aspect of an offer/proposal, but no change in the substance or price of the offer/proposal shall be sought, offered or permitted.

Prior to award, no information may be revealed concerning offers/proposals such as relative standing, names of bidders, etc. After award, the name of the successful bidder may be given. Under no circumstances, however, will any bidder's confidential information be disclosed to another vendor.

17. Evaluation of Offers/Proposals and Award

All information pertaining to offers must be treated as highly confidential and must not under any circumstances be disclosed to other bidders or to officials not directly concerned with the evaluation process.

The purpose of evaluation and comparison of offers/proposals is to determine which vendor has the lowest price for acceptable specifications. In determining whether an offer/proposal is acceptable, non-price factors are taken into account. The lowest acceptable offer/proposal should be selected.

In the event of a calculation error in an offer/proposal, the unit price will prevail. If it is clear beyond doubt that a mistake has been made, the Country Representative may permit the bidder to withdraw, but not alter, the offer/proposal.

The factors, in addition to price, to be considered in an evaluation for the purpose of determining the best acceptable offer/proposal as specified in the RFQ, ITB, RFP shall include where applicable:

- Compliance with technical specifications, relevant international standards and technical norms;

- Compatibility with existing equipment and standardisation plans;
- Compliance with required time schedules;
- Delivery times;
- Payment terms;
- Guarantees, availability of spare parts, after-sales services and training;
- Life-cycle aspects covering maintenance and operating costs;
- Capability, capacity, financial standing, past experience and performance of the vendor and its local representative.

If delivery time is a main factor for award, a liquidated damages clause (see Annex M Conditions for Purchase Order, Annex N Conditions for Service Contracts) will be made part of the contract.

Be careful to thoroughly review each bidder's offer in order to detect any problem at an early stage.

Depending on whether it is local or international procurement, the evaluation and comparison of offers/proposals shall be made on the basis of Delivered Duty Unpaid (DDU) or Carriage and Insurance Paid (CIP) prices to the port of entry, unless otherwise stipulated. If offers/proposals are in a currency other than local currency, they shall be converted at the prevailing UN rate of exchange.

Offers for complex goods/services will be submitted to the requestor for technical evaluation in accordance with the award criteria listed in the solicitation documents; however, all pricing information should be removed from the offers/proposals prior to the technical evaluation.

When considering an award of a high-value contract to a vendor, with whom HOPE'87 has little or no previous experience, a firm specialised in pre-award surveys may be engaged under the contract budget to obtain information regarding the capability, capacity and financial standing of the vendor under consideration.

The evaluation committee (which can be the same as the opening committee) comprising at least 3 persons, ensuring of not having a conflict of interest and to assess the offers on the basis of the best value for money, will examine and qualify the offers/proposals and should prepare and sign a detailed Evaluation Score Sheet and Evaluation Report (see Annex G, Evaluation of Proposals) or minutes on the evaluation and comparison of proposals for services. It should include all supporting documents and a written statement of all relevant factors leading to the final recommendation for the award of the contract. If the lowest priced proposal is not recommended, the evaluation report must give the specific reasons for recommending the selection of a higher proposal. Members of the evaluation committee are appointed by the CR. In case of an International Tender they are appointed by the Secretary General.

If the award was preceded by negotiation, this must be documented in the order file by a negotiation memorandum, specifying the contract negotiation objectives (price, delivery, quality, etc.).

An evaluation report is usually not required for single purchases of “off-the-shelf” goods following a Request for Quotation. The Tabulation of Offers and the supporting documents form the basis for the award of the contract. The Tabulation of Offers should be signed by the buyer and approved by the Finance Manager.

The following documents form the basis for awarding the contract:

- Requisition;
- RFQ, ITB or RFP;
- Record of the opening of the offers/proposals;
- Evaluation report (for services);
- Tabulation of Offers (for goods);
- Offers/proposals (all in original) received.

Extension of validity

The evaluation and award of the contract should be completed promptly within the period of the validity of offer/proposals as stipulated in the solicitation documents. If justified by exceptional circumstances, an extension of validity should be requested in writing from all bidders before the expiration date. When an extension of the validity period is requested, bidders should not be asked or permitted to change the price or other conditions of their offer/proposal. Bidders have the right to refuse to grant such an extension. Any bidder not granting an extension automatically declines his/her further participation in the concerned bidding process.

Rejection of offers/proposals

The Conditions for Purchase Orders or for Service Contracts, submitted with each RFQ, ITB or RFP contains a statement concerning the Logistics Officer’s right to accept or reject any offer/proposals prior to the award of contract and to annul the bidding process and reject all offers/proposals at any time. Where the interest of the Organisation so requires, all offers may be rejected and new ones solicited based on the same or revised specifications. Such action should not be taken for the sole purpose of obtaining lower prices. Rejection of all offers/proposals is justified when an insufficient number of substantially responsive offers/proposals is received or when there is a lack of effective competition.

Negotiated procedure with a single tender:

Negotiated procedure with only one candidate is allowed in the following cases:

- (i). Whenever no tenders/offers or no suitable tenders/offers have been submitted in response to an open or negotiated procedure after the initial procedure has been completed, provided that the original terms of the contract are not substantially altered;
- (ii). Whenever, for technical or operational reasons or for reasons connected with the protection of exclusive rights, the Contract can only be awarded to a particular economic operator;
- (iii). For additional Contracts consisting in the repetition/renewal of services, works or supplies entrusted to a Contractor awarded an earlier contract in the same region, provided

that the terms of the original Contract are not substantially altered. The period elapsed from the award of the first Contract shall not be longer than one year. Contracts can be renewed on these grounds for a maximum of two times;

(iv). For additional supplies, works and services not included in the initial Contract which, due to unforeseen circumstances, have become necessary for the performance of the Action, provided that the aggregate amount of additional supplies, works or services does not exceed 50% of the value of the initial Contract;

(v). For Property Contracts, whatever the estimated value of the Contract and after prospecting the local market;

(vi). Contracts in respect of purchases on particularly advantageous terms, either from a supplier who is definitely winding up its business activities, or from the receivers or liquidators of a bankruptcy, an arrangement with creditors, or a similar procedure.

18. Ordering

Purchase Orders should be utilized whenever possible to establish contractual obligations. The basic data in a Purchase Order or Service Contract are:

- Contract number and date;
- Page number and number of pages (1/3);
- Vendor's address, contact person and phone number;
- Vendor reference number;
- Consignee and, if different, delivery address;
- Trade terms (INCOTERMS);
- Mode of shipment and transshipment point (via);
- Delivery date (never "ASAP");
- Cash terms (prompt payment discounts);
- Item number(s);
- Complete description of goods or services;
- Quantity, unit of measure, unit price and total for each item;
- Total order value;
- HOPE`87 buyer name/code and phone number;
- Authorized signature.

Purchase Orders and Service Contracts should be issued according to a numerical sequence of reference numbers. A record of these documents should be maintained. This record should contain, as a minimum:

- Contract number, in sequence, and date;
- Vendor's name;

- Short item description;
- Total order value;
- Requisition reference;
- Buyer reference.

The INCOTERMS give a uniform set of guidelines for the interpretation of buyer and vendor obligations under three main headings:

- Place of delivery;
- The division of costs;
- The point at which the insurance risks pass from the vendor to the buyer.

The INCOTERMS also identify which party is responsible for export documentation under each term. By stating the INCOTERMS under which the Purchase Order is issued, the vendor and the IP know the rules governing the delivery. The Logistics Officer staff must however be fully conversant with the meaning and ramifications of the quoted terms.

Inspection of consignments at various stages in the supply process assures quality and quantity control of the goods provided. To minimize problems encountered on delivery, consider the need for inspection services by a neutral inspection company for each contract. The services of an inspector may range from a general pre-shipment inspection to inspection during all stages of production and laboratory analysis.

Insurance coverage should be considered at least for high value or otherwise critical contracts. Certain INCOTERMS make transport insurance a part of the vendor's responsibility (e.g. DDU, CIF). Transport insurance can usually also be obtained separately through a freight forwarder.

The Conditions for Purchase Orders or Conditions for Service Contracts respectively (see Annexes M & N) will be incorporated in all contracts. Any deviation from these must be approved by the Finance Manager and referenced in the contract.

If progress payment is requested by the vendor and has been negotiated, it will be specified in the contract.

Change (including cancellation) of an outstanding contract must be made in writing to the Finance Manager, who will consult with the requestor and the vendor. Under no circumstances will the requestor contact the vendor directly. If change is approved, a new contract has to be issued with the words "Change Order" written on the top of the page. A description of the changes should be written into the body of the contract.

Please also refer to the chapter Contracting for Services.

19. Transport

Attention is drawn to the complexity and pitfalls of transportation and transport documents, and the Logistics Officer is strongly recommended to formulate local Policies and Procedures for both domestic and international transport.

Even though most country agreements with host governments provide for exemption from duties, taxes and levies on purchased items, it does not always follow that this exempt status is automatic. The Logistics Officer has to advise vendors at the time a Purchase Order or Service Contract is issued of the status and prepare for these exemptions to take effect and assure that goods move in an expeditious manner from the vendor to final destination through conscientious follow-up procedures.

In the selection and contracting of freight forwarders, it should be remembered that all carriers and their agents conduct their business under limited liability and under agreed conventions. The only occasion when carriers or agents liability becomes unlimited is when total negligence on their part can be proven.

For international procurement, the appointed freight forwarder shall be instructed to send the following documents to the consignee:

- Advance shipping advice by fax or e-mail;
- Waybill (original and one copy);
- Commercial invoice (copy);
- Packing list;
- Third party inspection certificate (if applicable);
- Insurance certificate (if applicable);
- Certificate of origin (if required);
- Others (if required) (e.g. radiation certificate, certificate of analysis).

20. Expediting / Contract Management

The staff responsible for tracking the expedition of Purchase Orders and/or the management of Service Contracts should review all active files on at least a weekly basis, or as frequently as required. Expediting is most efficiently done in advance of delivery rather than chasing late consignments. Maintain a shipment expected/arrivals record to track orders and shipments and keep the final destination informed of progress. Monitor each stage (ship's arrival, discharge, storage, customs clearance, and loading/transport to final destination). Reasonable requests for support and assistance from vendors to enable them to meet their contractual obligations should be considered sympathetically.

The Logistics Officer oversees the actual delivery of services only for those service contracts relating to its own function as it is understood that only the requestor is in a position to effectively monitor the progress of services he/she requested.

Visits to or from the vendor to monitor ongoing performance of Purchase Orders and Service Contracts may be appropriate, using performance evaluation forms and quality control checklists. The evaluation and appraisal of vendor performance should be carried out on a continuous basis. The evaluator should document any findings/reviews/inspections and ensure that a copy is included in the file. The information is required for the following purposes:

- To assist in the resolution of any dispute arising from contracts;
- To feedback into the vendor selection system and pre-qualification of vendors;
- To provide a baseline for vendor development programmes.

The following procedures should be observed:

- Examine the delivery status of all contracts which have been confirmed with vendors and which, according to the files, have not yet been received or executed by the stated delivery date;
- For those contracts singled out by this review, check with the requestor for eventual receipt. If not received, check whether the goods or the services are still required;
- If the requestor still needs the delayed goods/services, then contact the vendor for a realistic delivery date and follow up on prompt expedition;
- If the vendor states that the goods (and documents) have been shipped or the services delivered, then 1) obtain the shipping date and shipping information; 2) ask the vendor to investigate and advise current status; and 3) trace the consignment through receiving agents; 4) in case of services, obtain proof of their satisfactory delivery.

21. Receiving, Rejection and Claim

As soon as goods or services are received, they should be promptly and carefully examined to ensure that they fully conform to the contract.

For each Purchase Order (local or international) a Receiving Report (see Annex K) should be completed and the authorised official should sign and date the report, stating whether the goods have been received in full and in good order or otherwise. The original Receiving Report is the basis document to initiate payment to local vendors. (International vendors have usually to be paid upon delivery to the forwarder in the exporting country in accordance with INCOTERMS). A copy of the Receiving Report is required on the file for follow-up action and closure.

In case of any problem detected upon delivery such as loss, damage, wrong quality or quantity, the basic policy is not to accept any non-conforming goods or services and to

immediately inform the vendor. However, it is important to know the legal status of the goods or services in order to take the appropriate action. This depends on whether the ownership is already with the consignee or still with the vendor.

The following actions have to be taken for all non-conforming deliveries irrespective of the ownership:

- Note reason for objection
 - For goods: on the transport document i.e. the waybill as well as on the Receiving Report;
 - For services: on the hand-over document.
- Inform the vendor immediately;

In addition, for contracts where the vendor has full responsibility until delivery is accepted by the consignee (e.g. DDU), review the following options:

Reject delivery or part of it;
Request replacement, re-performance or repair free of charge;
Contract again with the second-in-line vendor of the bidding process and collect excess costs from the defaulting vendor;
Terminate the contract.

If a contract is terminated, particular care must be taken toward maintaining a satisfactory relationship between the vendor and the Logistics Officer during and after the termination.

For contracts on basis of other terms provided they are covered by insurance:

- Initiate claims action (carrier, vendor, insurance);
- If a carrier is suspected to be at fault, send a Protest Letter to the last carrier (see Annex L, copy imperative for a later insurance claim);
- If the expected loss/damage exceeds € 1,000, obtain a Short landing Certificate and/or arrange for an independent Survey Report, required for a later insurance claim;

Only in exceptional cases should consideration be given to the following options:

- Allow contract performance after obtaining adequate consideration and approval from the requestor;
- Agree to an equitable adjustment and issue a Change Order.

It sometimes becomes necessary to return goods. A memo to the Logistics Officer for action should be prepared, identifying each item with reference to the original contract. The Logistics Officer will then negotiate the return of the goods with the vendor. The options available are:

- The vendor furnishes a suitable replacement at no charge, arranges pick-up, handling and freight costs;

- The goods are returned to the vendor for full credit with freight collect (or at cost);
- The goods are returned to the vendor with his/her consent (except DDU delivery) for full credit less replenishment charge and freight;
- The goods are scrapped with the approval of the vendor and/or the insurance company.

22. Payment

It is important that the Logistics Officer achieve a high level of trustworthiness in this area of vendor relations, since prompt payment according to contract terms is perhaps the most critical aspect of these relationships.

Invoices from vendors will be examined, verified and certified by the Logistics Officer (distinct from the buyer). Such examination will include supplementary documentation covering:

- Unit and total prices;
- Quantities specified in the contract;
- Previous payments;
- Deductions;
- Signed Receiving or Hand-over Report;
- Other obligation specified in the contract (installation, training, etc.);

Examination and verification of invoices will be performed expeditiously in order to assure timely payment within the period agreed. Any deficiencies or discrepancies will be referred to the buyer. If progress payment was agreed upon in the contract, progress has to be certified by the requestor of the goods or services.

The Finance and Admin supervisor verifies the amount, totals and unit prices of each item. The Finance Manager verifies the appropriateness of the expense and relevance to the action. The CR authorizes the payment. Only the amount stated on this certificate, exclusive of discounts, will be paid. Cash discounts taken or lost will be reported accordingly. Lost discounts should be justified in writing and the note added to the file.

Attention is drawn to the fact that financial transactions of a BO are limited to a maximum of 150.000 € without prior authorisation of the CFO.

Several payment options exist depending upon the agreement reached between HOPE'87 and vendors. Whatever the conditions, they should always be clearly detailed in the contract. The principal options are:

- Bank transfer directly from the Programme account by which the Logistics Officer also has control throughout the payment process. Transfers are accomplished by forwarding a letter to the bank, which should include the name and number of the account to be debited, amount and currency of transfer, purpose of transfer (contract reference, invoice number), bank name and address, beneficiary name in full, beneficiary account number and authorization signatories.

- Check drawn from the Programme account and handed over directly to the vendor.
- Letter of Credit (L/C) should normally not be accepted since it is costly and time-consuming.

23. Contracting for Services

Contracting for services requires clear terms of reference and active oversight by the requestor following the award of contract.

Terms of Reference (TOR) are prepared by the requestor and should succinctly and clearly state the nature, timelines, and measures of performance required of the contractor. TOR may include standards for accomplishing work. The Logistics Officer can assist with clarifying the TOR but responsibility for preparation rests with the requestor.

An estimate of the cost for the services to be acquired should be prepared by the requestor. Sources for the estimate include amount paid for previous contracts under competitive conditions, and market surveys. A realistic, reasonable estimate provides a baseline to permit analysis of proposed prices and determination of reasonableness.

The Logistics Officer should maintain records of solicitation documents, all original proposals, selection documents, evaluation reports, an original copy of the contract and proof of financial clearance and availability of funds to enter into the contract.

Signature of Service Contracts. The contract should be signed by the Finance Manager and the contractor. It is usual practice that the contractor signs the contract first. The number of signed contract originals are determined by the Finance Manager policy, however, a minimum of two originals must be prepared, one for the contractor and one for the Finance Manager. Copies of the contract should be provided to the requestor and to the Country Representative.

Modifications to Service Contracts should arise only when unexpected or emergency situations occur. This is one reason for well defined and clearly written TOR. Funds must be certified as being available prior to modifying a contract that increases its amount.

Active oversight, or contract management, ensures contractor performance is monitored and any shortcomings promptly brought to the attention of the contractor for correction and adherence to the contract TOR. Active oversight also ensures timely processing of contractor invoices.

Payment is made upon completion and acceptance of work. The contractor submits invoice, and payment is made in accordance with Logistics Officer processing policy.

Advance payments are normally not made. The CR should have established criteria for situations when advance payments may be considered. Advance payments should only be made for exceptional reasons and these should be reviewed with the HOPE'87 official responsible for monitoring the Logistics Officer agreement.

Progress payment is designed for contracts lasting longer than 2 to 3 months and for services with discrete or regular progress intervals, for example:

Monthly payments for an annual maintenance or other service contract. The payment schedule should be reflected in the contract;

Study or report lasting several months to a year. Payment can be based on steps accomplished to achieve the final report or study. Milestones should be realistic and reasonable.

Detailed procedural steps for Service Contracts are covered in the respective chapters of these INTERNAL PROCUREMENT RULES.

24. Procurement Thresholds

TABLE 1. Thresholds for Procurement			
Type of procedure to be followed	Supply contracts	Service contracts	Works contracts
	----- € -----		
Single quote	Up to 1,000	Up to 1,000	Up to 1,000
Three quotes	1,001 to 3,000	1,001 to 3,000	1,001 to 3,000
Competitive bidding / Negotiated procedure	3,001 to 50,000 ²	3,001 to 45,000	3,001 to 60,000
Invitation to Bid (ITB) / Open local tender	50,001 to 200,000	45,001 to 150,000	60,001 to 200,000
Open International Tender	200,001 and above	150,001 and above	200,001 and above

25. Right of access, controls and audits

The donor(s) or persons mandated by the donor(s) and auditors appointed by the board of directors of HOPE'87 or donor(s) shall exercise their powers of control in accordance with the applicable regulatory provisions, on documents and on the spot, over all the country offices and head office who have received donor(s) funds and necessary provisions in the bidding and contracting documents need to be applied. Complete information on the procurement procedures, documents, bid evaluations, award recommendations and contracts shall be provided to the aforementioned person(s) / institution(s) to satisfy that the procurement process was carried out in accordance with the applicable procedures. Any obstructive practices which could hamper the access or exercise of control and/or audits shall be refrained from.

² Four comparative offers must be obtained on the basis of a service description. The best bidder shall be selected by an independent evaluation committee on the basis of objective criteria defined in advance. The best bidder must be suitable (authorisation, reliability, ability to perform). The entire direct award process, including the selection of the best bidder, must be documented in writing

For audit purposes, all documents must be kept for a period of five years. Documents should be filed by contract number.

26. Exclusion criteria

(a) Bidders or tenderers shall be excluded from participation in a procurement procedure if:

(i) they are bankrupt or being wound up, are having their affairs administered by the courts, have entered into an arrangement with creditors, have suspended business activities, are the subject of proceedings concerning those matters, or are in any analogous situation arising from a similar procedure provided for in national legislation or regulations;

(ii) they have been convicted of an offence concerning their professional conduct by a judgment which has the force of res judicata;

(iii) they have been guilty of grave professional misconduct proven by any means which the contracting authority can justify;

(iv) they have not fulfilled obligations relating to the payment of social security contributions or the payment of taxes in accordance with the legal provisions of the country in which they are established or with those of the country of the contracting authority or those of the country where the contract is to be performed;

(v) they have been the subject of a judgment which has the force of res judicata for fraud, corruption, involvement in a criminal organisation or any other illegal activity detrimental to the donors financial interests;

(vi) following another procurement procedure or grant award procedure financed by the donor budget, they have been declared to be in serious breach of contract for failure to comply with their contractual obligations.

Candidates or tenderers must certify that they are not in one of the situations listed in (i) to (vi) above.

(b) Contracts may not be awarded to candidates or tenderers who, during the procurement procedure:

(i) are subject to a conflict of interest;

(ii) are guilty of misrepresentation in supplying the information required by the contracting authority as a condition of participation in the contract procedure or fail to supply this information.

ANNEXES

All annexes represent sample documents. They may be adjusted to the specific requirements of the circumstance.

ANNEX A	Vendor Registration Form
ANNEX B	Requisition
ANNEX C	RFQ, ITB
ANNEX D	Offer Form
ANNEX E	Tabulation of Offers
ANNEX F	RFP
ANNEX G	Evaluation of Proposals
ANNEX H	Purchase Order
ANNEX I	Service Contract
ANNEX J	Regret Letter
ANNEX K	Receiving Report
ANNEX L	Protest Letter
ANNEX M	Conditions for Purchase Orders
ANNEX N	Conditions for Service Contracts
ANNEX O	Declaration by contractors