Mekong River Commission
Secretariat

MRCS PROCUREMENT MANUAL

25th April 2019

Approved by the MRC Joint Committee in the 48th Meeting
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<td>Contract Award Notice</td>
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<td>CDS</td>
<td>Contract Data Sheets</td>
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<tr>
<td>CIP</td>
<td>Carriage and Insurance Paid</td>
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<td>CEO</td>
<td>Chief Executive Officer</td>
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<td>COI</td>
<td>Conflict of Interest</td>
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<td>CQS</td>
<td>Consultant Qualification Selection</td>
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<td>CV</td>
<td>Curriculum Vitae</td>
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<td>DgMarket</td>
<td>Development Gateway Market</td>
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<td>DP</td>
<td>Direct Procurement</td>
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<td>DSA</td>
<td>Daily Subsistence Allowance</td>
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<td>EOI</td>
<td>Expression of Interest</td>
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<td>AD</td>
<td>Administration Division</td>
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<td>FBS</td>
<td>Fixed Budget Selection</td>
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<td>GCC</td>
<td>General Conditions of Contract</td>
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<td>GPN</td>
<td>General Procurement Notice</td>
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<td>HR</td>
<td>Human Resources</td>
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<td>IAPSO</td>
<td>Inter-Agency Procurement Service Office</td>
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<td>IC</td>
<td>Individual Consultants</td>
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<td>ICT</td>
<td>Information and Communication Technology</td>
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<td>International Open Tender</td>
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<td>ITC</td>
<td>Instructions to Consultants</td>
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<td>JC</td>
<td>Joint Committee</td>
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<td>LCS</td>
<td>Least-Cost Selection</td>
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<td>LOI</td>
<td>Letter of Invitation</td>
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<td>MOU</td>
<td>Memorandum of Understanding</td>
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<td>MRC</td>
<td>Mekong River Commission</td>
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<td>MRCS</td>
<td>Mekong River Commission Secretariat</td>
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<td>MTS</td>
<td>Minimum Technical Score</td>
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<td>NMC</td>
<td>National Mekong Committee</td>
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<tr>
<td>NMCS</td>
<td>National Mekong Committee Secretariat</td>
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<tr>
<td>OIC</td>
<td>Officer in Charge</td>
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<td>OSV</td>
<td>Office of the Secretariat in Vientiane, Lao PDR</td>
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<tr>
<td>PA</td>
<td>Procurement Agent</td>
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<tr>
<td>PR</td>
<td>Purchase Requisition</td>
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<td>PSI</td>
<td>Pre-Shipment Inspection</td>
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<td>PT</td>
<td>Procurement Threshold</td>
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<td>PV</td>
<td>Payment Voucher</td>
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<td>Quality-Based Selection</td>
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<td>QCBS</td>
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<td>RFP</td>
<td>Request for Proposal</td>
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<td>RFQ</td>
<td>Request for Quotation</td>
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<td>SBD</td>
<td>Standard Bidding Document</td>
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<td>Service Contract</td>
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<td>SPN</td>
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<td>SSS</td>
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<td>TOR</td>
<td>Terms of Reference</td>
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<td>UNDB</td>
<td>United Nations Development Business</td>
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<td>UNDP</td>
<td>United Nations Development Programme</td>
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<td>USS</td>
<td>US Dollar</td>
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<td>RFMMC</td>
<td>Regional Flood Management and Mitigation Centre</td>
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CHAPTER 1: FOREWORD AND INTRODUCTION

1.1 Foreword

The Mekong River Commission (MRC) is a treaty-based river basin organization, established in 1995 based on the Agreement on the Cooperation for the Sustainable Development of the Mekong River Basin between the governments of Cambodia, Lao PDR, Thailand and Viet Nam. The Commission serves as a regional platform for water diplomacy as well as a knowledge hub of water resources management, whose mission to promote and coordinate sustainable management and development of water and related resources for the countries’ mutual benefit and the people’s well-being of over 65 million people living in the lower Mekong basin.

The MRC has since 2016 transformed into a leaner organization with a new organizational structure and a smaller number of personnel with revised roles and responsibilities at the MRC Secretariat. These efforts are made to increase the MRC Secretariat’s working effectiveness and efficiency in providing policy, technical and governance support to the Member Countries in implementing the 1995 Mekong Agreement. They also serve two other objectives; One is to implement the MRC’s main technical work in five areas including data management, modelling and assessment, planning support, forecasting and MRC’s water Procedures, all of which are known as the Core River Basin Management Functions. Another is to further build the MRC Secretariat as a world-class, financially secure, international river basin organization serving the Mekong countries to achieve the Basin Vision of an economically prosperous, socially just and environmentally sound Mekong river basin.

To stay relevant is to be competent and efficient. This Procurement Manual serves primarily as a guide outlining the procurement procedures of the Mekong River Commission (MRC) and to facilitate the efficient flow of daily work. The manual is the product of the documentation and collation of written rules, regulations, and established practices.

The Joint Committee has approved this Administration Manual in its 48th Meeting in April 2019 and becomes effective from 1st May 2019. Application and interpretation of this manual within the approved policies is the responsibility of the Chief Executive Officer (CEO) under delegated authority from the JC. In the interests of efficiency, procedures may be reviewed and updated by the Secretariat on the approval of the CEO, if developments or work requirements so demand. Where a policy revision is required, approval from the JC shall be obtained before changes to this manual are affected.

The manual will enable both flexibility and accountability. Directors and Division Chiefs may exercise delegated authority but should ensure that they are acting correctly on matters for which they are accountable.

The content is applicable to all staff working for MRCs, irrespective of duty station. The content covers all the main areas of daily procurement. This manual is part of a set of manuals covering the various aspects of the work of the Secretariat, which include:

- The Administration Manual stipulating procedures for administrative processes;
- The Finance Manual stipulating procedures for financial processes;
- The Human Resources Manual with procedures for Human Resources Management.

I therefore hope that the new Manual will make the MRC Secretariat stronger and build a great culture of meritocracy, credibility, fairness and excellence that cares about staff and their well-being.

An Pich Hatda
Chief Executive Officer
Mekong River Commission Secretariat
1.2 Definition of Terms

In this Procurement Manual, the following definitions shall apply:

- **Procurement** means any purchase or acquisition of goods, works, services, or consulting services using the methods specified in this manual.
- **Goods** means the liquid, solid, or gaseous substance with value or economic benefit, such as machinery, tools, materials, equipment, consumption goods, medicines, and other products.
- **Works** means any activity associated with construction, alteration, repair, renovation, improvement, and related activities.
- **Non-consultancy service** means any activity associated with the use of human physical labour and equipment that is usually non-intellectual in nature.
- **Consultancy service** means advisory and technical services provided by consulting firms or individual consultants that are usually of an intellectual nature.
- **Bidder** means any individual, firm, or consultant that intends to participate in a particular procurement and who has submitted a bid.
- **Supplier** means a person, firm, company, or organization that provides works, goods, or non-consultant services against a contract.
- **Contractor** means an individual, firm, company, or organization that performs a works contract.
- **Consultant** means a firm, company, organization, or individual that provides expert advice in a particular domain or area of expertise, the services of which are usually of an intellectual nature.
- **Service provider** means any firm, company, organization, or individual that provides non-consultant services to other organizations including MRCS.

1.3 Purpose of the Manual

The overall objective of the procurement system is to assist MRCS attain value for money. The Procurement Manual is issued under the authority of the Joint Committee. The manual:

- Details the standards, policies and procedures for the procurement of goods, works, non-consultancy services, and consultancy services;
- Provides detailed guidance on the procurement processes;
- Provides uniform procedures for procurement;
- Ensures transparency and accountability in procurement operations,
- Aims to improve efficiency and effectiveness of procurement operations; and
- Promotes consistent application of best procurement practices and international standards.

1.4 Scope and Application of the Manual

MRCS operates a centralized procurement function. All MRCS staff members and requesting divisions shall adhere to this manual. The procurement manual will be used for:

- Procurement by the MRC Secretariat (MRCS) or the National Mekong Committee Secretariats (NMCS) using resources appropriated through budgetary processes;
- Procurement by the MRCS or the NMCS using resources from a cooperating partner or funding agency whose regulations allow use of the MRCS Procurement Rules.
1.5 Order of Precedence

The various rules, procedures, and governing documents shall take the order of precedence as shown in Figure 1.

![Order of precedence in interpreting procurement decisions](image)

In the event of conflict in interpretation of a procedure between any other MRCS rules and manuals, the Procurement Manual shall prevail in all matters relating to procurement of works, goods, consultancy services, and non-consultancy services.

1.6 Revisions to the Procurement Manual

The manual is subject to revisions whenever needs arise to timely reflect changes in the procurement rules, policies, changing needs, commercial environment, and adoption of new improved procedures and practices. Such revisions will be initiated by the MRCS and approved by the Joint Committee.

1.7 MRCS Principles of Procurement

This manual incorporates policy provisions and procedures to promote the basic procurement principles illustrated in Table 1. All MRCS staff shall consistently apply these policies and procedures, together with professional judgment and good management.

<table>
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<td>Transparency</td>
<td>The Secretariat shall, to the greatest extent possible, make the procurement proceedings transparent through public procurement notices, clarifications, results of bidding processes, and award of contracts. There should be clear disclosure of information, rules, plans, processes and actions.</td>
</tr>
<tr>
<td>Accountability</td>
<td>MRCS staff members are held responsible for executing their powers properly in relation to all procurement activities.</td>
</tr>
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</table>
| Competition               | Procurement should be carried out by competition unless there are convincing reasons to the contrary. The procedures encourage wide and open competition and provide equal opportunities to all bidders.  
                              | The widest appropriate source of suppliers, service providers, consultants, and contractors will be tested, both in the local market and from abroad to ensure competitive and realistic bids are received.  
                              | The Secretariat may undertake procurement utilizing funds provided by the riparian Member States, by donor governments and from other legitimate |
income received by the Secretariat in the performance of its mandated functions. Irrespective of the source of funds, and unless otherwise agreed by the CEO or bound by any restriction by any funding agency, procurement activities by the Secretariat will not be tied to any individual country.

| Value for money | MRCS shall obtain maximum benefit from the goods, works, consultancy services and non-consultancy services it procures and/ or provides, within the resources available to it. It is not only the cost of goods and services, but also the mix of quality, cost, resource-use, fitness for purpose, timeliness and convenience that should be taken into consideration when judging whether or not, when taken together, they constitute good value. Achieving value for money at MRCS may be described in terms of the 'three Es' – Economy, Efficiency, and Effectiveness. |
| Economy and efficiency | Procurement processes should be carried out as cost effectively as possible. |
| Effectiveness | Procurement should meet commercial, regulatory and socio-economic goals in a balanced manner appropriate to the procurement requirement. |
CHAPTER 2: ETHICS IN PROCUREMENT

In order to get broader understanding of the seriousness of ethical principles, this chapter should be read along with the MRCS Fraud Prevention and Anti-Corruption Mechanism and MRCS Code of Conduct. Attention must also be paid to points listed in table 3 under section 2.6.

2.1 The Ethical Principles

MRCS staff shall not use their authority or office for personal gain. They shall not accept or request anything of material value from any prospective or current provider of works, goods, consultancy services, or non-consultancy services for themselves, their spouses, parents, children or other close relatives, or for other persons from whom the staff member might gain direct or indirect benefit or gift.

2.2 Business Gifts and Hospitality

MRCS staff shall not accept business gifts from current or potential providers of works, goods, consultancy services, and non-consultancy services unless such gifts are of very small intrinsic value, such as a calendar or business diary. MRCS staff shall refrain from accepting any business hospitality that might be viewed by others as having an influence in making procurement decisions as a result of accepting that hospitality. Refer to the Administration Manual for more detail (Section 5.5.).

2.3 Conflict of Interest

MRCS staff shall declare any personal interest that may affect or might reasonably hinder their impartiality in any matter relevant to their procurement duties. Conflict of interest (COI) is mostly evident in consultancy assignments. Moreover, a consultant conflict of interest is a situation in which consultants provide, could provide, or could be perceived as providing biased professional advice to the MRCS to obtain from MRCS or from others an undue benefit for themselves or their affiliates. Conflicts of interest must be avoided because they affect the consultants’ impartiality and spoil the quality of their advice.

2.4 Guidance

MRCS requires consultants to provide professional, objective, and impartial advice at all times. Consultants are also required to hold MRCS interests paramount, without any consideration for future work, and in that, should not provide advice to avoid conflicts with other assignments and their own corporate interests. Consultants shall not be hired for any assignment that would be in conflict with their prior or current obligations to other clients, or that may place them in a position of being unable to carry out the assignment in the best interests of MRCS.

Consultants or their affiliates competing for a specific assignment should not derive a competitive advantage from having provided consulting services related to the assignment in question. To that end, the Secretariat shall provide all the shortlisted consultants with all information that would in that respect give a consultant a competitive advantage over competing consultants together with the request for proposals. **Table 2** shows some categories of conflicts of interest.

<table>
<thead>
<tr>
<th>COI</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>Conflicting Activities</td>
<td>Consultant activities and those of affiliates conflict with their assignment:</td>
</tr>
<tr>
<td></td>
<td>▪ Downstream provision of goods, works, and non-consultancy services, related to the provider’s assignment.</td>
</tr>
<tr>
<td></td>
<td>▪ Downstream provision of consulting services related to works executed or equipment supplied by either the consultants or their affiliates.</td>
</tr>
</tbody>
</table>
Conflicting Assignments

Consulting assignments that, by their nature, are or may be in conflict with each other:

▪ Conflicting assignments by nature, in which the consultants could bias their advice to be consistent with findings of another of their assignments or those of their affiliates;

▪ Conflicting downstream assignments where the incumbent consultants create conditions under which they attain or are perceived to attain an undue advantage over other consultants who may apply for consideration in a downstream related assignment, thus depriving the client of the benefits of full competition. For example, a consultant engaged to formulate a project and/or develop terms of reference should not be allowed to bid and implement the project. A consultant hired to design a dam should not then be involved in construction of the dam.

Conflicting Relationships

Relationships between the consultants and Secretariat staff, for example:

▪ The consultant competing for an assignment has a family or a business relation with a member of the Secretariat staff involved in the preparation of the TOR of the contract, in the selection process or in the supervision of that assignment;

▪ If a consultant nominates an MRCS employee as key staff in its technical proposal.

Conflicting Clients

Consultants serving different clients with conflicting interests on closely related assignments. For example, a consultant working simultaneously for two or more clients whose interests are in conflict.

### 2.5 Prevention of Conflicts of Interest

Independence is the condition that allows consultants to perform their assignment in an objective manner. COI must be analyzed for source, nature, and potential impact of the conflict and the circumstances under which it arises. COI can happen at any stage of the procurement process as explained in the paragraphs below.

#### 2.5.1 Request for Expressions of Interest

In cases where MRCS intends to appoint consultants for two or more related assignments, the invitation to submit expressions of interest should alert potential candidates of the impossibility of being appointed for both assignments. Consultants could be asked to indicate their preference for one of the assignments.

#### 2.5.2 Terms of Reference

When preparing the Terms of Reference (TOR), MRCS will consider whether the assignment could create a COI and address or correct the situation. To prevent COI from affecting the independence of the consultant’s work and the quality of the downstream competition, the consultant under assignment should not be asked to prepare the TOR for the downstream assignment if the consultant will be included in the short list.

#### 2.5.3 Short Listing

When preparing the consultant short list, MRCS will review the qualifications of each of the consultants, determine any conflict of interest that may afflict the consultant, and make an informed decision about eligibility for the short list. If a qualified consultant is found conflicted; before deciding for its exclusion, thoroughly analyze the conflict, its nature, and the possible extent of damage. At the same time, the qualified consultant, if he/she believes that he/she is or may be in a COI situation, has a duty to disclose the conflict and explain in a straightforward manner how he/she plans to deal with the COI. The final decision on whether to exclude or admit the consultant to the short list remains with MRCS.

#### 2.5.4 Single-Source Selection

This procedure was previously referred to as “waiver of competitive bidding”. MRCS may retain consultants or suppliers on a single source basis when the conditions for using the method are met. To prevent a COI, the TOR of the continuation assignment shall not be prepared by the incumbent.
2.5.5 Evaluation of Technical Proposals: During the evaluation of technical proposals, MRCS will ascertain that no new COI situations have arisen since the consultant was shortlisted. If the COI is identified at this stage, MRCS should determine whether the specific conflict is substantive and take action. This can be accomplished by reducing the scope of work of the assignment, asking the consultant to remove the conflict, or if the COI cannot be mitigated by declaring the consultant not eligible for the assignment. If a consultant has misled MRCS by neglecting to provide information or by denying the existence of a major COI situation, the consultant’s proposal shall be rejected, and the opportunity for further sanctioning may be considered.

2.5.6 Contract Negotiations: Before completing the contract negotiation, review the draft contract to identify COI situations that may not have been disclosed or may have arisen after the proposal was submitted.

2.5.7 Implementation of the Assignment: During implementation of the assignment, while monitoring or reviewing a consultant’s work, check for any new circumstances that could create downstream COI. The most common COI during this phase of a project stems from affiliates of the consultant showing an interest in offering goods, works, or services (other than consulting services) related to the services provided by the consultant. When a substantive COI situation emerges (or is discovered) during execution of an assignment, corrective action should be taken.

2.6 Fraud and Corruption

Corruption is a barrier to socio-economic development; therefore, all procurement should be free of fraud and corruption. Corrupt and fraudulent practices can affect the actions of officials charged with the short listing and selection of suppliers, contractors, service providers, and consultants and with the negotiation, award, and management of contracts. Such practices may also affect the fulfillment of the parties’ contractual obligations, as well as their respect for the relevant laws. Corruption may originate with the client or the supplier, contractor, service provider, or consultant. Allegations of fraud and corruption may be based on, or originate from (a) a losing opponent; (b) consultant’s disgruntled employee; (c) government employee, the press, or the public; (d) an inquiry by MRCS; or, (e) procurement audits. To mitigate fraud and corruption, MRCS has several responsibilities as illustrated in Table 3.

Table 3. Factors for mitigating fraud and corruption

| ▪ Allow sufficient time for the submission of applications and bids; |
| ▪ Check the credibility of the qualifications of a consultant whenever serious doubts arise; |
| ▪ Shortlist only those consultants who are qualified for the assignment; |
| ▪ Consider only consultants with a reputation of professional integrity; |
| ▪ Reject and denounce attempts at corruption by consultants or their intermediaries; |
| ▪ Ensure that all documents forming the bidding documents are clear and unambiguous; |
| ▪ Clearly describe in the Data Sheet the selection criteria and relevant points; |
| ▪ Adopt the most suitable selection method for the consultant assignment; |
| ▪ Appoint an Evaluation Panel of impartial and competent officials; |
| ▪ Ensure that the Evaluation Panel agrees on the definition of grades to be used to assess the level of responsiveness of technical proposals to the criteria set forth in the Data Sheet; |
| ▪ Ensure that each evaluator first evaluates the proposals independently from other evaluators and that evaluators discuss their scores before reaching final decisions; |
| ▪ Shield the evaluators from all illicit contacts and pressures; |
| ▪ Appoint an independent adviser to the Evaluation Panel whenever it appears that the evaluation process is at risk; |
| ▪ Appoint a negotiation committee with technical or legal experience relevant to consulting assignments; |
 Provide each negotiation committee member with clear procedures and objectives;

 Instruct negotiators to aim for a fair and balanced contract;

 Report, investigate, and sanction cases of attempted or actual corruption;

 Disclose the results of the selection process to those interested after the contract award;

 Provide a debriefing to those consultants who request it after contract award.

### 2.7 The Ethical Standard of Conduct

The guiding principles of ethical standards are impartiality, independence, and integrity. Ethical behavior must be promoted and supported by appropriate systems and procedures, but systems and strict adherence to procedures alone cannot create an ethical and accountable procurement function. It is essential that all procurement activities be carried out in a manner above reproach, with complete impartiality and with no preferential treatment. The procurement process must allow bidders to compete for business on a fair basis. MRCS staff members associated with the function of procurement are responsible for protecting the integrity of the procurement process and maintaining fairness in the treatment of all bidders.

### 2.8 Reporting of Unethical Conduct

Every MRCS staff has a duty to report any unethical conduct by a colleague, a current or prospective bidder, supplier, contractor, service provider, or consultant to his superiors, the Chief Executive Officer, or to both internal and external auditors. Reporting of unethical conduct can be done in the form of a duly signed letter to the designated officer or an anonymous email to the following address: mracs@mrcmekong.org providing sufficient proof. Furthermore, this can also inserted into the suggestion box provided.

### 2.9 Sanctions of MRCS Staff for Non-compliance with Ethical Standards

Due to the special and additional trust placed on those involved in the procurement processes as custodians of MRCS funds, adherence to the ethical standards is obligatory. Any unethical conduct by MRCS and NMCs staff will be considered an offence subject to disciplinary action as stipulated in the MRCS Personnel Manual.

### 2.10 Debarment

Any contractor, supplier, consultant, or service provider that does not adhere to the ethical procurement practices may be debarred from future business opportunities.

MRCS may decide to debar a contractor, supplier, consultant or service provider for a period of up to 5 years. The debarment will be communicated by the CEO of the MRCS following recommendations of the Procurement Complaints Committee.

Any internal staff or division/section who has a complaint against a particular bidder, contractor, supplier, consultant, or service provider may seek for debarment of that person giving written reasons for doing so. The reasons for debarment include (1) engaging in an act of corruption or fraud; (2) breach of an earlier procurement contract including non-performance; or (3) refusal to enter into contract for which they had tendered without reasonable grounds.

Before debarment, MRCS shall give the contractor, supplier, consultant, or service provider an opportunity to make representation to the Procurement Complaints Committee. The travel cost of such representation shall be borne by MRCS (where applicable). After consideration of the representation from MRCS and the Bidder, the Committee may recommend to the CEO: (1) to debar, or (2) not debar the bidder.
The MRC Secretariat shall promptly publish on its website the names of debarred contractors, suppliers, consultants, or service providers.

2.11 Declaration of Objectivity and Confidentiality

All staff members engaged in procurement activities shall sign the *Declaration of Objectivity and Confidentiality* (Annex 10) before involvement in any procurement process.

2.12 Nepotism

Cases may arise in which prospective bidders seek to be engaged in MRCS where their relatives, associates, or friends are employed in positions of influence. These cases may cause perceived, potential, and real conflict-of-interest situations for the employee, as well as for the bidders, while discouraging deserving candidates with no inside connections. Such practices shall not be allowed under any circumstances.

2.13 Confidentiality

In all cases, information relating to evaluation of bids and recommendations concerning awards shall not be disclosed to the bidders who submitted the proposals or to other persons not officially concerned with the process, until the publication of the award of contract. All official correspondence shall be channeled through the Procurement Team of the MRC Secretariat.
CHAPTER 3: ORGANIZATION FOR PROCUREMENT

3.1 The Mekong River Commission consists of three permanent bodies:

3.1.1 The Council
The Council is composed of one member from each participating riparian state at the Ministerial and Cabinet level, (no less than Vice-Minister level) who would be empowered to make policy decisions on behalf of his/her government. The Council makes policy decisions and provides other necessary guidance concerning the promotion, support, co-operation and co-ordination of joint activities and projects in order to implement the 1995 Mekong Agreement. The Council has overall governance of the Mekong River Commission.

3.1.2 The Joint Committee (JC)
Is composed of one member from each of the four participating riparian states at no less than Head of Department level bringing the number to four members. The Joint Committee is responsible for the implementation of the policies and decisions of the Council and supervises the activities of the Mekong River Commission Secretariat. This body functions as a board of management.

3.1.3 The Secretariat
Renders technical and administrative services to the Council and Joint Committee, and is under the supervision of the Joint Committee. The MRC Secretariat (MRCS) is the operational arm of the MRC. It provides technical and administrative services to the Joint Committee and the Council, and is under the direction of a Chief Executive Officer (CEO) who is appointed by the Council. Under the supervision of the Joint Committee, the CEO is responsible for the day-to-day operations of professional and general support staff. The main counterparts for MRC activities in the four Member Countries are the National Mekong Committees (NMCs).

3.2 Delegation of Procurement Authority
The Procurement Team works under the Administration Division at the MRC Secretariat. Reporting to the Chief Financial Officer (CFO) and Director of Administration (AD), the Procurement Team is responsible for all procurements, except those for procurement of individual consultant services, which is handled by the Human Resources Team under the Administration Division.

All contracts will be handled by the Procurement Team in the Vientiane Office, checked by the Chief Financial Officer (CFO), and approved by the Administration Director / CEO depending approval thresholds able in sections 3.5 and 3.6. Due to centralization of the procurement function in MRC, procurement in Member Countries will be facilitated by the National Coordinator in the bidding process, including soliciting quotations where necessary; however, all documents must be sent to MRCS for approval. The approval thresholds in sections 3.5 and 3.6 must be strictly followed.

3.3 Evaluation Panel
The panel consists of a Chairperson and up to four other official members approved by the CEO on the proposal forwarded by the CFO in consultation with the Division Director. The number of members of an Evaluation Panel should be an odd number. The CEO appoints members of an Evaluation Panel as individuals based on their technical expertise. Hence, evaluation of bids is at the individual level and delegation can only be on approval of the CEO. The CFO and the Procurement Officer act as ex-officio (or non-voting) members of the Panel; the latter as the Secretary to the Evaluation Panel. The presence
of the ex-officio members is to ensure the evaluation process is conducted in accordance with MRCS Procurement guidelines and international practice.

An invitation for a Member Country representative to attend evaluation and negotiation proceedings is optional and depends on the nature of the project and the bid. Under normal circumstances and for most bids the presence of a Member Country representative during evaluation of bids is not required. However, if due to the size or complicated nature of a bid and/or for training purposes, the Member Country wishes to be represented, the CEO may agree to invite a representative as an observer at the evaluation stage, at the negotiations stage or both, subject to availability of project funds if travel support is necessary.

This panel is given the mandate of preparing bid evaluation grids and submitting the grids for approval by the CEO through the Administration Director and CFO. The Panel evaluates the bids received according to the instructions of the Request for Proposals and MRC Procurement Manual. The Panel reports in writing on its meetings and deliberations. All contacts with bidders go through the Procurement Team in the Administration Division; the Panel members shall not have direct contact with the bidders and are not authorized to conduct negotiations without prior approval by the CEO.

To facilitate the evaluation of bids, the CEO may appoint alternate members who could act in place of the member of the Evaluation Panel in cases where the originally appointed evaluator is unavailable. In such a case, the alternate evaluator does the work independently and does not necessarily need to consult the originally appointed evaluator in the scoring system or otherwise.

- **Responsibilities of the Requesting Parties**

  **3.4 Divisions**

- Develop annual work plans and budgets based on the appropriate guidelines;
- Initiate procurement requirements. This includes preparing a Purchase Requisition Form or a request memo providing the required technical specifications and forwarding them to the Procurement Team in the Administration Division;
- Participate in the evaluation of tenders, proposals, and quotations;
- Report any departure from the terms and conditions of the contract to the Procurement Team;
- In conjunction with Procurement Team, prepare any procurement related reports required for submission to the CEO;
- Undertake conformity assessments of supplied goods, works and services with the specifications of the contract documents;
- Certify the issuance of goods, works and services received notes;
- With guidance from the Procurement Team, prepare annual procurement plans;
- Prepare clarifications on tenders and submit to the Procurement Team; and
- Maintain and archive records of contract management within their Division.

**3.5 Procurement Complaints Committee**

At the start of each financial year, the CEO shall appoint members of the Procurement Complaints Committee. The Committee shall consist of a Chairperson who is at least at the level of the Chief Officer or Division Director and four other members who are MRC Secretariat staff members with different nationalities. The CEO may appoint an alternate member from time to time to replace another to avoid conflicts of interest where the originally appointed member belongs to the division whose procurement process is under dispute.
Any bidder who claims to have suffered or risks suffering loss or damage due to the breach of a duty imposed on MRCS by the Procurement Manual and bidding documents, may lodge a complaint to the MRCS through the CEO. **All the costs of the bidder-initiated review shall be borne by the bidder.** The bidder may withdraw the complaint in writing any time before completion of the review. Immediately upon receipt of such a complaint, the CEO shall forward the document to the Procurement Complaints Committee for a review and recommendation for a decision.

The bidder’s request for review shall:
- State the reasons for the complaint, including any alleged breach of MRCS procurement rules;
- Be made within 5 working days of notification of contract award. Requests for review submitted after this period will not be considered.

The following shall not be the subject of a complaint by the bidder:
- The choice of procurement method;
- A decision by MRCS to reject all bids, proposals, or quotations as stated under section 7.1.8 or 8.21 of this manual; and
- Where the complaint is frivolous.

Those involved in the review shall be:
- The person who requested the review;
- The MRCS Procurement Team;
- The MRCS Division requesting the procurement package;
- Bidders who submitted bids under the procurement in review; and
- Any other persons the Committee may deem fit.

Once the Chairperson of the Procurement Complaints Committee receives the formal complaint, he/she shall communicate with the Director of Administration, CFO and Procurement Team that the procurement proceeding stands suspended until either the bidder withdraws its complaint or the complaint is finally resolved in accordance with this section, or until the suspension is otherwise lifted in accordance with this section.

The Committee shall complete its review within 15 working days of receipt of the complaint. On completion of the review, the Procurement Complaints Committee shall recommend in writing (the **PCC Recommendation**) one or more of the following to the CEO:
- Annul anything that has been done including the entire procurement proceedings;
- Give directions to the Procurement Team with regard to anything to be done or redone in the procurement proceedings; and
- Substitute the decision of the Procurement Complaints Committee for any decision of the Evaluation Committee in the procurement proceedings.

Any such decision must satisfactorily be justified by the Procurement Complaints Committee to the CEO in line with the applicable rules of procedures and guidelines. In the event the CEO modifies the recommendation of the Committee, this should also be justified and recorded in writing. A copy of the PCC Recommendation and the written decision made by the CEO based on the PCC Recommendation (**MRCS Decision**), together with the reasons for that decision, must be made available to the bidder. The MRCS Decision shall be final and binding and shall not be subject to further review, by any person, court or authority, subject only to the decision objection procedures set out below.

**Decision Objection Procedures**

In the event that a bidder forms the view that the MRCS Decision either:
(a) was made in breach of the procurement complaints procedures or the MRCS procurement rules; or

(b) was wrong or unjust;

The bidder may submit a written notice of objection (“Notice of Objection”) to the MRCS within 5 working days of the date of the MRCS Decision. Notices of Objection received after this period will not be considered. The Notice of Objection must clearly state the reasons for the objection and must be supported by all available facts and evidence. No Notice of Objection may be lodged for any other reason other than the reasons set out at (a) and (b) above and, for the avoidance of doubt, no Notice of Objection shall be lodged simply because the MRCS Decision is inconsistent with the bidder’s wishes or preferences.

If a Notice of Objection is lodged within the aforementioned 5 working day period, the CEO shall refer the matter to the Joint Committee (or properly appointed representatives thereof) for determination for a period not exceeding 15 days from the date of the Notice of Objection. Decisions of the Joint Committee in respect of the Notice of Objection must be reached on a consensus basis and the Joint Committee may, in its sole and absolute discretion, do any one of the following:

1. Reject the Notice of Objection by written notice to the bidder (including the reasons for such objection), in which case the MRCS Decision shall be final and binding on the bidder and shall not be subject to further review by any person, court or authority; or

2. Accept the Notice of Objection and direct the MRCS to do one or more of the following:
   - Annul anything that has been done including the entire procurement proceedings;
   - Give directions to the MRCS with regard to anything to be done or redone in the procurement proceedings; and
   - Substitute the decision of the Procurement Complaints Committee or the CEO, as the case maybe, for any decision of the Evaluation Committee in the procurement proceedings;

   in which case the Joint Committee’s direction in this regard shall be final and binding on the bidder and shall not be subject to further review by any person, court or authority; or

3. Refer the complaint to be resolved by mediation between the parties in the city where the MRCS office is located and where the procurement under review was initiated, in accordance with the mediation rules of the Singapore Mediation Centre for the time being in force, which rules are deemed to be incorporated by reference in this clause, excluding article 12, which shall be amended to provide that all fees, costs, expenses and disbursements (including all fees payable to the selected Mediation Centre) will be borne by the bidder. If this option is selected, the Joint Committee may direct that the procurement proceedings may recommence, notwithstanding such mediation. In the absence of such a direction, however, the procurement proceedings shall remain suspended pending finalization of the mediation proceedings.

If no consensus decision of the MRC Joint Committee in respect of the Notice of Objection is reached within 15 days of the date of the Notice of Objection, or the complaint is not successfully resolved by mediation within 30 days of the commencement of such mediation (or such longer period as agreed by the bidder and the MRCS in writing), the matter shall be deemed to have been rejected by the Joint Committee and the MRCS Decision shall be final and binding on the bidder and shall not be subject to further review by any person, court or authority.
3.6 Procurement Thresholds Matrix and Approvals (firms)

In this threshold matrix, reference to a foreign supplier, contractor, service provider or consultant means those from outside the MRC Member Countries.

There are Six (6) main procurement procedures: (1) petty cash, (2) direct purchase or shopping, (3) request for quotation, (4) request for proposal, (5) regional open tender, and (6) international open tender. These procedures are used in the procurement of works, goods, non-consultancy services, or consultancy services depending on the procurement thresholds set out below. However, requests for proposals are only used in the procurement of consultancy services for both small to big consultancy contracts.

### 1. Procurement of consultancy services from firms

<table>
<thead>
<tr>
<th>Procurement Method/ Selection Method</th>
<th>Procurement Threshold (US$)</th>
<th>Approach to Supply Market</th>
<th>Responsibility</th>
<th>Contracting Format</th>
<th>Approval signatures on contractual internal documents</th>
</tr>
</thead>
<tbody>
<tr>
<td>Petty Cash</td>
<td>1-200</td>
<td>• One Pro-forma Invoice</td>
<td>Procurement and finance Team</td>
<td>Cash Receipt</td>
<td>Either a) Chief Executive Officer b) Administration Director c) Chief Financial Officer</td>
</tr>
<tr>
<td>Pet Cash</td>
<td>1-200</td>
<td>• At least one Verbal Quotation</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Direct purchase or Shopping i.e. payment by cheque not cash.</td>
<td>201 – 2,000</td>
<td>• One Pro-forma Invoice • Min 3 quotations from qualified suppliers locally by email or by fax</td>
<td>Procurement and Finance Team</td>
<td>Official Receipt</td>
<td>Either a) Chief Executive Officer b) Administration Director c) Chief Financial Officer</td>
</tr>
<tr>
<td>Request for Quotation</td>
<td>2,001-20,000</td>
<td>Min 3 official written quotations from qualified suppliers either locally or MCs</td>
<td>Procurement Team</td>
<td>Purchase Order</td>
<td>Either a) Chief Executive Officer b) Administration Director</td>
</tr>
</tbody>
</table>

### Request for Proposal: Small size Contracts

| 20,001-40,000 | Min 3 quotations from qualified suppliers either locally or MCs or regional | Procurement Team | Purchase Order OR Contract | Both a) Chief Executive Officer b) Administration Director |

### Request for Proposal: Medium size Contracts

| 40,001-80,000 | Minimum 5 potential consultants of which at least two should be foreign consultants from outside Member Countries; preferably also, but not exclusively from the donor country, where donor funds are involved | Procurement Team and Evaluation Panel | a) Consultant small lump sum contract, OR b) Consultant small time-based contract. | Both a) Chief Executive Officer b) Administration Director |

### Request for Proposal: Big contracts

| Above 80,001 | International Open Tender | Procurement team and Evaluation Panel | a) Consultant big lump-sum contract b) Consultant big time-based contract. | Both a) Chief Executive Officer b) Administration Director |

---

### 2. Procurement of goods, works and non-consultancy services from firms

<table>
<thead>
<tr>
<th>Procurement Method</th>
<th>Procurement Threshold (US$)</th>
<th>Approach to Supply Market</th>
<th>Responsibility</th>
<th>Contracting Format</th>
<th>Approval signatures on contractual internal documents</th>
</tr>
</thead>
<tbody>
<tr>
<td>Petty Cash</td>
<td>1-200</td>
<td>• One Pro-forma Invoice</td>
<td>Procurement Team</td>
<td>Cash Receipt</td>
<td>Either a) Chief Executive Officer b) Administration Director c) Chief Financial Officer</td>
</tr>
<tr>
<td>Direct Purchase or Shopping i.e. payment by cheque not cash.</td>
<td>201 – 2,000</td>
<td>One Pro-forma Invoice Min 3 quotations from qualified suppliers locally by email or by fax</td>
<td>Procurement Team</td>
<td>Cash Receipt</td>
<td>Either a) Chief Executive Officer b) Administration Director c) Chief Financial Officer</td>
</tr>
<tr>
<td>------------------------------------------------------------</td>
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<td>-----------------</td>
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<td>---------------------------------------------------------------</td>
</tr>
<tr>
<td>Request for Quotation</td>
<td>2,001-20,000</td>
<td>Min 3 official written quotations from qualified suppliers either locally or MCs</td>
<td>Procurement Team</td>
<td>Purchase Order</td>
<td>Either a) Chief Executive Officer b) Administration Director</td>
</tr>
<tr>
<td>Request for Quotation</td>
<td>20,001-40,000</td>
<td>Min 3 quotations from qualified suppliers either locally or MCs or regional</td>
<td>Procurement Team</td>
<td>Purchase Order OR Contract</td>
<td>Both a) Chief Executive Officer b) Administration Director</td>
</tr>
<tr>
<td>Regional Open Tender</td>
<td>40,001-80,000</td>
<td>Minimum 5 potential suppliers of which at least two should be foreign suppliers from outside Member Countries, preferably also, but not exclusively from the donor country, where donor funds are involved</td>
<td>Procurement Team Evaluation Panel</td>
<td>Goods Contract; Works Contract; Services Contract</td>
<td>Both a) Chief Executive Officer b) Administration Director</td>
</tr>
<tr>
<td>International Open Tender</td>
<td>Above 80,001</td>
<td>International Open Tender</td>
<td>Procurement Team Evaluation Panel</td>
<td>Goods Contract; Works Contract; Services Contract</td>
<td>Both a) Chief Executive Officer b) Administration Director</td>
</tr>
</tbody>
</table>
### 3.7 Procurement Responsibility Chart at all $ Value

<table>
<thead>
<tr>
<th>Procurement process</th>
<th>Action by</th>
<th>Verified by</th>
<th>Approval by (as applicable)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Develop terms of reference/specifications</td>
<td>Concerned Division</td>
<td>Procurement Team</td>
<td>Concerned Division Director</td>
</tr>
<tr>
<td>Raise purchase requisition</td>
<td>Concerned Division</td>
<td>Procurement Team</td>
<td>Division Director</td>
</tr>
<tr>
<td>Certify funds available</td>
<td>Budget Manager/ Concerned Division</td>
<td>Concerned Budget Manager</td>
<td>Division Director</td>
</tr>
<tr>
<td>Draft bidding documents</td>
<td>Procurement Officer</td>
<td>Concerned Division</td>
<td>CFO and Administration Director</td>
</tr>
<tr>
<td>Develop detailed evaluation grid</td>
<td>Concerned Division</td>
<td>Procurement Officer and CFO</td>
<td>Administration Director or CEO</td>
</tr>
<tr>
<td>Draft and place bid advertisement</td>
<td>Procurement Officer</td>
<td>CFO</td>
<td>Administration Director</td>
</tr>
<tr>
<td>Issue bidding documents to bidders</td>
<td>Procurement Officer</td>
<td>Administration Director and CFO</td>
<td>Administration Director</td>
</tr>
<tr>
<td>Issue clarifications to bidders</td>
<td>Procurement Officer</td>
<td>Concerned Division</td>
<td>Administration Director or CFO</td>
</tr>
<tr>
<td>Task</td>
<td>Responsible Party</td>
<td>Concerned Division</td>
<td>Administration Director or CFO</td>
</tr>
<tr>
<td>---------------------------------------------------------------------</td>
<td>--------------------------------------------</td>
<td>---------------------------------------------</td>
<td>---------------------------------------------</td>
</tr>
<tr>
<td>Issue bid extension</td>
<td>Procurement Officer</td>
<td>Concerned Division</td>
<td>Administration Director or CFO</td>
</tr>
<tr>
<td>Appoint Bid Evaluation Panel</td>
<td>Procurement Officer in consultation with Concerned Division.</td>
<td>Administration Director and CFO</td>
<td>CEO</td>
</tr>
<tr>
<td>Receive bids</td>
<td>Procurement Officer</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Open bids</td>
<td>Bid Evaluation Panel</td>
<td></td>
<td>-</td>
</tr>
<tr>
<td>Preliminary evaluation of bids</td>
<td>Procurement Officer</td>
<td>Administration Director and CFO</td>
<td>Bid Evaluation Panel</td>
</tr>
<tr>
<td>Technical evaluation of bids</td>
<td>Bid Evaluation Panel</td>
<td></td>
<td>-</td>
</tr>
<tr>
<td>Write technical evaluation report</td>
<td>Procurement Officer</td>
<td>Director of Administration and Bid Evaluation Panel</td>
<td>CEO</td>
</tr>
<tr>
<td>Obtain password to open financial bids submitted by email</td>
<td>Procurement Officer</td>
<td></td>
<td>-</td>
</tr>
<tr>
<td>Open financial bids</td>
<td>Bid Evaluation Panel</td>
<td></td>
<td>-</td>
</tr>
<tr>
<td>Write technical and financial evaluation report</td>
<td>Procurement Officer in consultation with the CFO.</td>
<td>Administration Director and Bid Evaluation Panel</td>
<td>CEO</td>
</tr>
<tr>
<td>Write to successful and unsuccessful bidders</td>
<td>Procurement Officer</td>
<td></td>
<td>Administration Director</td>
</tr>
<tr>
<td>Draft the contract</td>
<td>Procurement Officer</td>
<td>Concerned Division</td>
<td>Administration Director</td>
</tr>
<tr>
<td>Action Description</td>
<td>Responsible Party</td>
<td>Concerned Division</td>
<td>Administration Director</td>
</tr>
<tr>
<td>------------------------------------------------------------------------------------</td>
<td>--------------------------------------------------------</td>
<td>-----------------------------</td>
<td>-------------------------</td>
</tr>
<tr>
<td>Develop negotiation items</td>
<td>Procurement Officer or Negotiation Committee where applicable</td>
<td>Concerned Division</td>
<td>Administration Director</td>
</tr>
<tr>
<td>Invite successful firm for negotiation</td>
<td>Procurement Officer</td>
<td>Concerned Division</td>
<td>Administration Director</td>
</tr>
<tr>
<td>Negotiate &amp; finalize draft contract</td>
<td>Bid Evaluation Panel or Negotiation Committee and Procurement Officer</td>
<td>Administration Director and CFO</td>
<td>CEO</td>
</tr>
<tr>
<td>Commit funds for the contract</td>
<td>CFO</td>
<td>Concerned Division</td>
<td>Administration Director</td>
</tr>
<tr>
<td>Sign contract</td>
<td></td>
<td>Administration Director</td>
<td>CEO</td>
</tr>
<tr>
<td>Issue contract to successful firm</td>
<td>Procurement Officer</td>
<td>Concerned Division</td>
<td>Administration Director</td>
</tr>
<tr>
<td>Manage contract including contractor performance assessment if applicable</td>
<td>Concerned Division</td>
<td>Concerned Division</td>
<td>Administration Director</td>
</tr>
<tr>
<td>Contract administration</td>
<td>Concerned Division</td>
<td>Concerned Division</td>
<td>Procurement Officer</td>
</tr>
<tr>
<td>Pay contractor invoice (including preparing request for payment)</td>
<td>Concerned Division</td>
<td>Concerned Division</td>
<td>Procurement Officer</td>
</tr>
<tr>
<td>Contract closure formalities</td>
<td>Procurement Officer</td>
<td>Concerned Division</td>
<td>Director of Administration</td>
</tr>
</tbody>
</table>
3.8 Consultancy Cost Estimation – consultancy work from firms

MRCS procures consultancy services to perform various activities that require specific expertise. Consultancy services can be sourced locally or internationally. Divisions must prepare Terms of Reference as well as the budget for any foreseeable consultancy service.

The table below provides guidance on how cost estimates can be arrived at:

**Management consultancy cost – i.e. Provision of management training to MRCS or facilitating a workshop of a technical nature.**

<table>
<thead>
<tr>
<th>Cost item</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>Consultancy firms staff costs / fee rates</td>
<td>Key cost factors to consider are (a) how many consultant firm’s staff will be involved; (b) what level of expertise will be required to deliver the service; and (c) for how many days / months.</td>
</tr>
<tr>
<td>Daily Subsistence Allowance</td>
<td>For budgetary purposes, MRCS rates should apply i.e. 75% of the UN rate.</td>
</tr>
<tr>
<td>International travel costs</td>
<td>Depending where the firm is located, air ticket cost estimates should be obtained from the MRC travel agent. Visas and taxis to and from airports must be included.</td>
</tr>
<tr>
<td>Office stationery</td>
<td>Depending on the nature of work, stationery should be budgeted for.</td>
</tr>
<tr>
<td>Office space / workshop venue</td>
<td>If the service will be delivered at a venue other than the office, then the venue cost should be budgeted by getting a quote from the venue.</td>
</tr>
<tr>
<td>Contingency</td>
<td>10% of the total budget is recommended.</td>
</tr>
</tbody>
</table>

3.9 Cost Estimation – Construction Works

For construction works, depending on complexity, i.e. dam construction, the engineer or quantity surveyor as deemed appropriate will be hired to provide cost estimates or bills of quantity. A fee for such consultants will be included in that specific consultancy cost.

As cost estimates are required at the time of preparation of the Terms of Reference, the information below may be used as guide.

<table>
<thead>
<tr>
<th>Cost item</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>Equipment and construction materials</td>
<td>List down all materials and equipment needed. The cost should be at a market value obtained from possible suppliers locally or internationally as the case may be.</td>
</tr>
<tr>
<td>Transportation of materials to the construction site</td>
<td>Where applicable, transportation or shipping costs should be budgeted based on information available from shipping companies.</td>
</tr>
<tr>
<td>Fuel for running the equipment</td>
<td>Quantity and cost of fuel needed must be budgeted. The Engineer will advise on quantities needed.</td>
</tr>
</tbody>
</table>
Staff costs / fee rates of the construction company | The construction company may have its own fee rates; however, information in Appendix 25 of this manual may be useful where international experts are involved.

Daily substance allowance (if applicable) | If DSA is applicable, the maximum budget should be MRCS rates, which is 75% of the UN rate.

International travel costs (if applicable) | Depending on where the firm is located, air ticket cost estimates will be obtained from the MRCS travel agent. Visas and taxis to and from airports must be included.

Stationery | Depending on the nature of work, stationery should be budgeted for.

Temporary office costs | Some construction companies operate from a container as a temporary office. Where applicable, the cost of this container should be budgeted.

Report writing | Depending on the skill required for the report writer, costs should be included in the staff costs above.

Translation | This would be another staff cost and its rate should be commensurate with the expertise required. Refer to Appendix 25 for guidance.

Secretarial expenses | This may be local staff costs and should be budgeted as such.

Contingency | 10% of the total budget is recommended.

### 3.10 Functions of the Procurement Staff and Team

The Procurement staff are responsible for the proper procurement function in a professional manner for all MRC procurements. The functions of the Procurement staff are to:

- Perform supply market surveys;
- Develop Annual Procurement Plans for the entire Secretariat;
- Prepare, publish and distribute procurement opportunities;
- Coordinate the receiving and opening of tender documents;
- Issue procurement documents to candidates;
- Propose the membership of the Evaluation Panel to the CEO for approval in consultation with requesting division;
- Coordinate the evaluation of tenders, quotations, and proposals;
- Compile evaluation reports;
- Recommend a negotiating team for appointment by the CEO;
- Prepare and publish notices of award and notices of tender acceptance;
- Prepare contract documents in line with the award decision;
- Prepare and issue rejection and debriefing letters;
- Prepare contract variations or contract amendments;
- Implement the decisions of the Procurement Complaints Committee;
- Coordinate and act as a Secretary to the Evaluation Committee.
Monitor contract management by user divisions/sections to ensure implementation of contracts in accordance with the terms and conditions of the contracts;
- Co-ordinate internal monitoring and evaluation of the procurement functions;
- Assist in periodical and annual stock taking if any;
- Approve extension of the tender validity period;
- Maintain and safeguard procurement documents and records;
- Certify that invoices/payment requests are in accordance with contract provisions;
- Support Chief Financial Officer and Director of Administration in dealing with procurement management and related transactions.

CHAPTER 4: PROCUREMENT PLANNING AND BUDGETING

4.1 Short and Long-term Plans

MRC work is guided by the work plans developed by Divisions. In line with these work plans, MRC prepares Annual Procurement Plans that are also linked to the Annual Budget.

4.2 Definition of Requirements

Planning the procurement requirements helps forecasting when a tender may be launched, and proceedings are likely to result in a contract. Procurement affects budget execution unless it has been planned adequately, with realistic times taken into account for the preparation of procurement requirements and allotment of budget. Each procurement requirement should be planned as part of the budget preparation process. Initiation of the procurement process requires that the procurement plan be in place. Each requesting division shall develop their annual requirements and forward the requirements to the Procurement Team. The Procurement Team will consolidate all the requirements into an Annual Procurement Plan.

Once the requirements from divisions are received, the Procurement Team will consider the following factors while aggregating procurement requirements:
- Items of similar nature and are likely to attract similar potential bidders;
- Whether the aggregation should be done for the whole year;
- Whether seasonal price fluctuations require aggregation within certain seasons;
- If there are constraints in storage and distribution capacity;
- The optimum size and type of contract to attract the greatest competition;
- The need and mechanism to apply regional preferences;
- If the items will be subject to the same bidding requirements and contract conditions; and
- The potential to realize savings in time or transaction costs.

In some cases, there may be a need to divide procurement requirements into lots, which otherwise could be procured as a single contract. Lots should be considered:
- If the anticipated award of separate contracts could enhance competition;
- If some bidders could only be able to bid for part and not all the requirements;
- If the requirements are meant to attract small businesses; and
- If in so doing, regional suppliers are able to participate.

However, division into lots should not be used:
- For the purpose of avoiding procurement thresholds as stated in section 3.6 of this manual;
- If the separate contracts could create compatibility problems between items bought in lots; and
- Where several lots could increase the costs of servicing, maintenance or similar requirements.

Tenders / contracts may not be split with a view to avoiding the application of the procurement methods. This includes amongst others a split in order to reduce monetary thresholds or contract duration thresholds.
4.3 Market Survey and Cost Estimation

The Procurement Team, working closely with the requesting Division as appropriate, regularly conducts market surveys to ascertain current prices for items included in the procurement plan. Guidelines are provided in the toolkit for estimating costs of consultancy assignments. For works procurements, engineer’s estimates should be used to indicate the likely total cost of engineering related projects. In such an event, procurement of a consultant to produce the engineer’s estimate may be necessary and such costs should be included in the procurement plan.

4.4 Procurement Timelines

The duration it would take to accomplish each task in the procurement process depends on the nature, complexity, value, and risk associated with the procurement package. The table below shows the estimated durations for each procurement activity; some of the durations serve as a guide only.

The procurement toolkit for this manual has a flowchart demonstrating the procurement process and their respective timelines. The timelines are indicative and may vary depending on the complexity of each procurement.

<table>
<thead>
<tr>
<th>Procurement Activity</th>
<th>Minimum Duration (Calendar Days)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Contract forecast notice</td>
<td>15</td>
</tr>
<tr>
<td>2. Preparation of specifications/terms of reference</td>
<td>15</td>
</tr>
<tr>
<td>3. Preparation of bidding documents</td>
<td>7</td>
</tr>
<tr>
<td>4. Prequalification/expression of interest</td>
<td>15</td>
</tr>
<tr>
<td>6. Invitation to bid-International competitive tender</td>
<td>28</td>
</tr>
<tr>
<td>7. Request for quotation period</td>
<td>5</td>
</tr>
<tr>
<td>8. Evaluation of bids</td>
<td>10</td>
</tr>
<tr>
<td>9. Contract negotiations</td>
<td>10</td>
</tr>
<tr>
<td>10. Decision period for complaints of award</td>
<td>15</td>
</tr>
<tr>
<td>11. Contract signing</td>
<td>10</td>
</tr>
<tr>
<td>12. Contract award and non-award notice after signing</td>
<td>10</td>
</tr>
</tbody>
</table>

Deadlines for submission of tenders, quotations, and proposals can only be shortened under derogation, provided satisfactory justification is submitted.

4.5 Annual Procurement Plan

Procurement work requires a lengthy process in order to comply with the rules and regulations. Therefore, each division / section must ensure that the planning of procurements is undertaken as an integral part of the annual work plan. Each division should aim to submit their annual Procurement Plan to the Procurement Unit no later than the 31 January each year. The Procurement Team shall then prepare a consolidated Annual Procurement Plan for the whole Secretariat. The Procurement Plan includes:

- A breakdown of procurement packages for goods, works, services, and consultancies;
- Estimate of the value of each procurement package;
- Indication of the anticipated procurement method;
- Estimated timelines for each activity in the procurement process;
- Schedule of timelines for planned delivery and completion dates; and
- Any other relevant information.
4.6 Approval of the Procurement Plan

The CEO shall approve the Annual Procurement Plan of the entire MRC Secretariat on or before the 15 February each year.

4.7 Publication of Annual Procurement Plans

Upon approval of the Annual Procurement Plan by the CEO, the Procurement Team will prepare a General Procurement Notice (GPN) to inform potential bidders of what the Secretariat is planning to procure during the year. Such a GPN will be posted on the MRCS and DgMarket websites.
CHAPTER 5: PROCUREMENT METHODS

The procurement methods that may be used are: (a) international/regional open tender; (b) restricted tender; (c) request for proposal; (d) direct procurement; (e) request for quotation; and (f) low value procurement.

In principle, tenders / contracts may not be split with a view to avoid application of the procurement methods. This includes amongst others a split in order to reduce monetary thresholds or contract duration thresholds.

5.1 International/Regional Open Tender

Regional open tender and international open tender follow the same procurement process. However, in regional open tender, only bidders from the MRC Member Countries are eligible to bid.

Where the goods, works or services required will exceed US$80,000 in estimated value, international tendering procedures must be followed. International open tender may be used with the following guidance:

▪ If effective competition cannot be achieved unless firms outside of the MRC region participate in the tender;
▪ The invitation to bid and the tender documents shall be in the English language;
▪ The invitation to bid shall be published widely in MRCS, DgMarket websites, other selected international organization websites, and/or a regional newspaper using the same foreign language as the invitation and being of sufficient circulation to attract competition;
▪ The time for submission of tenders shall be sufficient for the invitation to reach candidates and for them to prepare and submit tenders as per the Procurement Threshold. Bidders will be given between four to six weeks, or longer periods if necessary, to prepare and submit sealed bids depending upon the nature of the products to be quoted;
▪ Technical specifications shall, to the extent compatible with regional requirements, be based on international standard or standards widely used in international trade; and
▪ General and special conditions of contract shall be of a kind generally used in international trade.

The invitation to bid will indicate brief particulars of the product, with the quantity, eligibility for participation by bidders, destination where the goods are to be delivered, the name and address of the office where bid documents can be obtained (if applicable), closing date for receipt of tenders and specified place for submission of tenders.

The bid document containing detailed specifications, bid conditions, instructions to bidders, proposal and contract forms, bid and performance security formats will be made available to prospective bidders either on payment of a nominal fee or free of charge, as the case may be, to enable as many suppliers, contractors, service providers, or consultants as are interested to participate in submitting bids.

5.2 Restricted Tender

Restricted tendering is the tendering process through an invitation to bid from a shortlist of prequalified or known suppliers/contractors/service providers. Restricted tender may be used when:

▪ Competition for the contract, because of the complex or specialized nature of the goods, works or services, is limited to pre-qualified candidates; or
▪ The time and cost required to examine and evaluate a large number of tenders would be disproportionate to the value of the goods, works or services to be procured.

As a procurement method, restricted tendering procedures are the same as international open tendering, except that:

▪ The invitation to bid is addressed to a limited number of qualified candidates that have declared an interest in submitting tenders. The selection shall be made in a non-discriminatory manner, and the number of candidates invited shall be, if possible, sufficient to ensure effective competition and shall not in any event be less than three;
- The Procurement Team shall maintain a list of pre-qualified candidates and shall update such a list every year by advertisement, giving candidates adequate time in which to submit expressions of interest;
- Any candidate who qualifies at the time of a tender shall be at liberty to apply for consideration, and the tender for such a candidate shall be considered notwithstanding that his name does not appear first on the list of pre-qualified candidates;
- MRCS may select candidates to be invited to bid from among those listed and any selection shall ensure equal opportunities are given to suppliers / contractors on the list; and
- The time allowed for preparation of tenders shall not be less than a minimum number of days stated in section 4.4 of this manual.

5.3 Request for Proposal (RFP)

Request for proposals may be used when:

- Seeking to obtain consulting services; or
- A combination of goods and services for which open or restricted tendering is not suitable because of the difficulty in precisely defining the scope of work for services.

RFP shall not be used to purely procure goods or works.

5.4 Direct Purchase / Shopping / Procurement

As a procurement method, direct purchase/shopping/procurement (also referred to as waiver of competitive bidding or single source selection) is the least preferred because it does not guarantee value for money. This method is an appropriate method for procuring readily available off-the-shelf goods or standard commodities in quantities of small value and in some cases, small simple works. Shopping does not require formal bidding documents, and is carried out by requesting written quotations from several local or foreign suppliers or contractors – usually at least three – to ensure competitive prices.

However, direct procurement may be used:

a) When buying small or off-the-shelf items valued at less than US $2,000 (other amounts may be allowed based on justification and approval by the Director of AD and CEO);
b) When standardization is important and equipment to be procured is for expanding the existing equipment, which must be purchased from the original supplier;
c) Spare parts to repair existing equipment from an authorized dealer of such equipment and spare parts;
d) When the equipment or services is proprietary in nature and is obtainable only from one source;
e) When critical items are to be procured from specialist suppliers;
f) When the civil works/construction to be undertaken are a natural extension of an earlier or ongoing job and if it can be proven that the engagement of the same contractor/consultant will be more economical and will ensure compatibility of results in terms of the quality of work; and
g) For reasons of extreme urgency brought about by events unforeseen by the Secretariat, the property or services could not be obtained in time under open tendering procedures.

When MRCS engages in a direct procurement it shall prepare a description of its needs and any special requirements as to quality, quantity, terms and time of delivery, in using the relevant Standard Bidding Document. The sole candidate shall prepare its bid in the required format, which shall form the basis of negotiations. The Evaluation Panel shall evaluate such a bid. The agreement reached after negotiations shall be confirmed by a contract signed by the sole candidate and MRC.

Direct procurements are approved by the CEO, Director of Administration and CFO based on their delegated authority if they are satisfied that the price quoted by the sole candidate is reasonable.

The authority to waive a competitive bidding is as follows:

- The CEO for all procurements;
- The Director of Administration for any purchase amount not exceeding US$20,000; based on the procurement thresholds matrix above.
In exceptional cases, where it is clearly shown that advance contracting of goods, works or services for items of a repetitive nature would be a crucial and important factor to avoid delays, advance action for procurement may be taken by the Procurement Team upon request from the division or section concerned.

5.5 Request for Quotation (RFQ)

This method is also known as “shopping” and is based on comparing price quotations obtained from at least three (3) suppliers / contractors, to ensure effective competition. Request for Quotations using a standard approved format is particularly suitable for procuring readily available off-the-shelf goods or standard specification items when no special conditions of contract are required. Where special conditions of contract are required, use of bidding document and contract format is necessary.

When goods or services are estimated to cost less than US$200, with approval from CFO the Procurement Officer may proceed with procurement with one quotation only. It should however be noted that for frequently bought items, control quotes should be obtained on a regular basis and at least every 6 months.

Where the goods or services are estimated to cost between US$201 and US$2,000 the Procurement Officer should ensure that a minimum of three quotations are obtained from suppliers / contractors who are qualified to supply such goods, works or services locally. In urgent cases, three verbal quotations may be obtained by telephone; however, the Procurement Officer needs to provide the rationale statement on file.

The Procurement Officer will prepare a purchase order and obligate funds for all goods costing more than US$200. The purchase order shall be signed and approved in accordance with their delegated authority as defined in the table in chapter 3 above.

Where the goods and services are estimated to cost between US$2,001 and US$20,000, the Procurement Officer will obtain a minimum of three written quotations from suppliers who are qualified to supply such goods or services, either locally or from abroad.

For procurements in the MRC Member Countries under this method, the National Mekong Committee Secretariats may obtain the required number of quotations as specified in this manual, and send them to the MRCS for review. Where applicable, all other related documents, i.e. bid advert, related Memos etc., should accompany the bids. The concerned budget manager will review and confirm budget availability and then hand over to the Procurement Officer to review quantity, price reasonableness, and perform price comparisons and advise the concerned Division Director and Director of Administration accordingly.

Through the Director of Administration, the Procurement Officer advises NMC to solicit additional quotations in situations where the bids presented are not competitive and do not provide value for money. Once the quotations are acceptable, the Procurement Officer will prepare an evaluation report and issue a purchase order to the lowest and highest quality evaluated bidder.

To the extent possible, quotations should be sought from enterprises in MRC Member Countries. The official request for quotations must indicate a common closing date for the receipt of all bids. Requests made via electronic mail are encouraged.

RFQ is appropriate where:
- There is need to purchase readily available goods, works or services;
- Where there is an established market;
- The estimated contract value is not more than the amount in the respective Procurement Threshold.

The following procedure shall be applied when request for quotation method is used:
- Receive Purchase Requisition Form or request memo duly approved;
- Prepare a request for quotation using the appropriate form;
- Simultaneously issue the RFQ to at least three prospective suppliers/contractors;
- Give sufficient time for preparation of the quotations as per the Procurement Thresholds (5 to 15 days);
- All quotations are placed in the Quotation Box;
The quotations are opened in the presence of at least two officers and at least one of them is Chief level in the MRCS office;
- The Procurement Officer shall analyze the quotations received and recommend awarding a purchase order to the supplier with the lowest evaluated quotation;
- Seek and obtain approval of the purchase order;
- Send the purchase order to the supplier;
- The supplier acknowledges in writing the receipt of the purchase order;
- Items are delivered within the duration stipulated in the order.

5.6 Low-Value Procurements

Low value procurements are those normally procured in cash or equivalent mode. Low value procurement may be used in the following circumstances:
- The estimated cost of the goods, works or services per item is less than or equal to the prescribed maximum value as set out in the Procurement Threshold (less than US$200);
- The procedure is not being used for the purpose of avoiding competition;
- The Procurement Officer shall procure items from a reputable supplier through direct shopping;
- An original invoice or receipt showing the item and the price paid shall be obtained and signed by the person undertaking the procurement.
CHAPTER 6: PREQUALIFICATION AND EXPRESSION OF INTEREST

In the context of this Procurement Manual, the term pre-qualification applies to short-listing of suppliers, contractors, and service providers for goods, works, non-consultancy services, or combination thereof. Request for expression of interest is used to describe the process of short-listing candidates for provision of consulting services.

6.1 Pre-qualification of Bidders

Prequalification of bidders is required mainly for technically complex items to ensure that only technically and financially capable firms will participate in the bidding process.

Prequalification should be based entirely upon the ability of the interested firm to perform the particular work satisfactorily, taking into account: (i) experience and past performance on similar contracts; (ii) capabilities with respect to personnel, equipment, and plant; and (iii) financial position.

Invitations to pre-qualify should be advertised in at least two widely circulated newspapers and on the MRC website. The scope of work, abbreviated specifications, and a clear statement of the requirements for prequalification should be provided in the advertisement, as well as to all those who have indicated their desire to be considered for prequalification.

Generally, a minimum period of 15 calendar days should be allowed for the submission of prequalification applications. There should be no limits on the number of firms to be pre-qualified, and all firms found capable of performing the work satisfactorily in accordance with the approved prequalification criteria should be pre-qualified in consultation with the technical division, and invited to submit bids. The prequalification criteria for publication should be prepared by the concerned division and forwarded to the Procurement Officer for action.

Where bidders have been pre-qualified pursuant to the previously mentioned provisions, the invitations to bid and the tender documents should be transmitted directly to the pre-qualified bidders by the Procurement and Contract Officer.

6.1.1 Conditions: Prequalification is usually necessary for big or complex work, or in any other circumstances in which the high costs of preparing detailed bids could discourage competition, such as custom-designed equipment, industrial plant, specialized services, some complex information and technology and contracts to be let under turnkey, design and build, or management contracting. It ensures that invitations to bid are extended only to those who have adequate capabilities and resources. Prequalification also helps to eliminate disputes that may arise from rejection of lowest evaluated bids because the bidders are not considered qualified.

6.1.2 Eligibility Criteria: Procurement should be carried out with bidders who are legal entities and who have not been debarred from carrying out procurement. The criteria for selecting eligible bidders need to be clear as well as the basis for ensuring that bidders are properly screened so as not to introduce bias and unfairness to the selection process while ensuring that only eligible bidders are included.

The details on the eligibility and qualification of bidders are worked out to ensure that all bidders are entitled to bid and that the competition is fair amongst comparable entities and that these entities are legally established and can enter into enforceable contracts with MRCS.

The eligibility criteria should be clearly stated in the bidding documents for each procurement package. To ensure that these criteria are met, signed statements or documentary evidence may be requested to certify eligibility. Consideration should be given to time and costs constraints when requesting documentary evidence as obtaining up-to-date certificates from several administrations may take time.

Documentary evidence for eligibility may include:

▪ Certified or notarized copies of the bidder’s certificate of business registration, certificate of incorporation, business license or similar document;
▪ Certified or notarized copies of the bidder’s tax registration, tax clearance certificates or similar document;
- A list of all of the directors of the bidding Company;
- The principal shareholders of the bidding Company, or list of partners of the proprietor as may be appropriate;
- A document showing number of shares and nationality of the shareholders;
- A signed statement that the bidder does not have a conflict of interest in relation to the procurement;
- A signed statement that the bidder, or any of its directors or officers, have not been convicted of any criminal offence relating to professional conduct or the making of false statements or misrepresentations as to its qualifications to enter into a procurement contract within a period of three years preceding the commencement of procurement proceedings;
- A signed statement that the bidder is not debarred from participating in procurement; and
- Any other relevant criteria.

Consulting firms who wish to register with the MRC Secretariat may do so after completing the Consultants Registration Form (Annex 24) attached together with a formal letter enclosing the company brochures.

6.1.3 Prequalification Criteria: Prequalification shall be based entirely upon the capability and resources of prospective bidders to perform the particular contract satisfactorily, taking into account their (a) experience and past performance on similar contracts; (b) capabilities with respect to personnel, equipment, and construction or manufacturing facilities; and (c) financial position. The bidding documents shall be made available to the qualified prospective bidders as soon as prequalification is completed.

6.1.4 Advertisement: The invitation to pre-qualify for bidding on specific contracts or groups of similar contracts should be advertised in at least one newspaper of regional circulation (subject to request by concerned division, on the MRCS website, and on either the DgMarket or UNDB Online. The scope of the procurement package and a statement of the requirements for qualification must be provided in the advertisement.

6.1.5 Prequalification Evaluation: The prequalification applications are formally opened. Then, the Bid Evaluation Panel performs the technical evaluation according to the set criteria contained in the prequalification document. The following guidelines are useful in evaluating prequalification:

- Where a large number of suppliers/contractors pass the stated qualification criteria, it may not be realistic to invite more than a maximum of eight to participate in the specific tender;
- If so, only the best qualified suppliers/contractors should be selected and invited to bid;
- Inform all applicants of the results of pre-qualification;
- Applicants who fail to meet the pre-qualification criteria should be briefly advised of the reasons; no further correspondence shall be entered into regarding applications.
- When pre-qualification is completed, issue the bidding documents to those shortlisted.
- Later after submission of formal bids, verification of the information provided in the submission for prequalification shall be confirmed before the contract is awarded and award may be denied to a bidder that is judged to no longer have the capability or resources to successfully perform the contract.

6.2 Request for Expressions of Interest

6.2.1 Purpose: Expressions of interest normally have the aim of short-listing consultants, whether individuals or firms, The MRCS, or individuals or firms specialized in the area of the assignment hired by the Secretariat, shall prepare the terms of reference setting out the purpose of the assignment and the tasks to be performed.

6.2.2 Scope of Work: The scope of the services described in the TOR should be compatible with the available budget. See cost estimation guidelines for procurement of consultancy services from firms and construction work in sections 3.7 and 3.8 for more detail. The TOR shall define clearly the objectives, goals, and scope of the assignment and provide background information including a list of existing relevant studies and basic data to facilitate the consultants’ preparation of their proposals. If transfer of knowledge or training is an
objective, it should be specifically outlined along with details of the number of staff to be trained and so forth, to enable consultants to estimate the required resources. The TOR shall list the services and surveys necessary to carry out the assignment and the expected outputs; for example, reports, data, maps, or surveys. However, the TOR should not be too detailed and inflexible, so that competing consultants may propose their own methodology and staffing. Firms are encouraged to comment on the TOR in their proposals; MRCS and consultants’ responsibilities should be clearly defined in the TOR.

6.2.3 Advertising: To alert prospective applicants, the MRCS will prepare a **General Procurement Notice** well before the actual procurement starts. Thereafter, MRCS shall prepare, advertise, and issue a **Specific Procurement Notice** in order to obtain expressions of interest. The information requested should be the minimum required to make a judgment on the firm’s suitability and not be so complex as to discourage consultants from expressing interest.

6.2.4 Shortlist of Consultants: The **Evaluation Panel** shall evaluate the applications. The Panel shall consider those firms expressing interest that possess the relevant qualifications. Short lists shall comprise **4-8 firms**; at all times not less than three. If there are more than 8 qualified firms, additional criteria may be applied as stated in the bidding documents to reduce the number of shortlisted firms to 8. The consultant shortlist **shall not have a mix of individuals and firms**. The MRCS may short list a smaller number of firms in special circumstances; for example, when only a few qualified firms have expressed interest for the specific assignment or when the size of the contract does not justify wider competition. Request for proposals are issued only to the shortlisted firms.

6.3 Approval of Short list

In both the prequalification and the request for expressions of interest, the CEO will consider the short-listing report prepared by the **Evaluation Panel** and make a final decision on the names included in the shortlist before inviting the firms to present their bids. Any decision that varies from the recommendation of the evaluation panel must be explained as a note to file.
CHAPTER 7: PROCUREMENT OF CONSULTANCY SERVICES FROM FIRMS

Six selection methods are used for the procurement of consultancy services:

a) Quality and costs-based selection
b) Quality-based selection
c) Fixed-budget selection
d) Least-cost selection
e) Consultants’ qualifications selection
f) Single-source selection
QCBS = Quality and Cost-based Selection; QBS = Quality-based Selection; FBS = Fixed Budget Selection; SSS = Single-Source Selection; LCS: Least Cost Selection; CQS = Consultants' Qualifications Selection; RFP = Request for Proposal; MTS = Minimum Technical Score

Figure 2 - Graphical illustration of consultant selection methods and process.
7.1 Quality and Cost-Based Selection (QCBS)

QCBS uses a competitive process among short-listed firms that takes into account the quality of the proposal and the cost of the services in the selection of the successful firm. Cost as a factor of selection shall be used judiciously. The relative weight to be given to the quality and cost shall be determined for each case depending on the nature of the assignment.

The selection process shall include the following steps:

- Preparation of the TOR;
- Preparation of cost estimate and the budget;
- Advertising;
- Preparation of the short list of consultants;
- Preparation and issuance of the RFP [which should include: the Letter of Invitation (LOI); Instructions to Consultants (ITC); the TOR and the proposed draft contract];
- Receipt of proposals;
- Opening of technical proposals;
- Evaluation of technical proposals: consideration of quality;
- Opening of financial proposals;
- Evaluation of financial proposal;
- Final evaluation of quality and cost; and
- Negotiations and award of the contract to the selected firm.

7.1.1 Preparation of the Terms of Reference

The Terms of Reference (TOR) are the basic component of a tender document, as well as of a contract / agreement. It is therefore important that TORs are prepared by the concerned divisions carefully to include the scope of the work specified in detail, including expected outputs; the responsibilities of the consultancy firm, MRCS, and concerned division use; date of commencement; time schedule; reporting requirements; recommended terms of payment related to output whenever possible; site visits; briefings and all other relevant information.

MRCS shall prepare terms of reference (TOR) for each consultancy assignment that forms an integral part of the request for proposal. The TOR should be approved by the originating Division and attached to the Procurement Requisition or Request Memo as part of the supporting documents. Persons or a firm specialized in the area of the assignment are permitted to prepare the TOR. The procurement toolkit contains guidance on the preparation of TORs.

7.1.2 Cost Estimate (Budget)

Preparation of a well thought through cost estimate is essential if realistic budgetary resources are to be earmarked for the project. The cost estimate shall be based on the MRCS assessment of the resources needed to carry out the assignment: staff time, logistical support, and physical inputs (for example, vehicles, laboratory equipment). Costs shall be divided into two broad categories: (a) fee or remuneration (according to the type of contract used); and (b) reimbursables, and further divided into foreign and local costs. The cost of staff time shall be estimated on a realistic basis for foreign and national personnel.

7.1.3 Advertising

The procedure for advertising for the short-listing of candidates is described under section 6.2.3 in Chapter 6.

7.1.4 Shortlist of Consultants

The procedure for short-listing and approving of candidates is described in section 6.2.4 in Chapter 6.

7.1.5 Preparation and Issuance of the Request for Proposals (RFP)

The RFP includes: (a) a Letter of Invitation; (b) Information to consultants; (c) the TOR; and (d) the proposed contract template. The Procurement Team shall use the applicable standard RFP with minimal changes as necessary to address project-specific conditions. Any such changes shall be introduced only through the RFP Data Sheet. The Procurement Team shall list all the documents included in the RFP. The Secretariat may
use an electronic system to distribute the RFP if it is satisfied with the adequacy of such a system. If the RFP is distributed electronically, the electronic system shall be secure to avoid modifications to the RFP and shall not restrict the access of short-listed consultants to the RFP.

**Letter of Invitation (LOI)**

The LOI shall state the intention of MRCS to enter into a contract for the provision of consulting services, the source of funds, the details of the client as well as the date, time, and address for submission of proposals.

**Instructions to Consultants (ITC)**

The ITC contains all the necessary information to help consultants prepare responsive proposals, and should bring as much transparency as possible to the selection procedure by providing information on the evaluation process and by indicating the evaluation criteria and factors, their respective weights, and the minimum passing quality score. The ITC shall indicate an estimate of the level of key staff inputs (in staff time) required of the consultants or the total budget, but not both. Consultants, however, shall be free to prepare their own estimates of staff time to carry out the assignment and to offer the corresponding cost in their proposals. The ITC shall specify the proposal validity period, which should be adequate for the evaluation of proposals, decision on award, and finalization of contract negotiations.

**Contract**

Chapter 10 of this manual briefly discusses the most common types of contracts. MRCS shall use the appropriate Standard Form of Contract with minimum changes as necessary to address specific country and project issues. Any such changes shall be introduced only through Contract Data Sheets or through Special Conditions of Contract and not by introducing changes in the wording of the General Conditions of Contract included in the Standard Form. These forms of contract cover the majority of consulting services.

7.1.6 Receipt of Proposals

MRCS shall allow enough time for the consultants to prepare their proposals. The time allowed shall depend on the assignment and as per the Procurement Timelines table in section 4.4. During this interval, the firms may request clarifications about the information provided in the RFP. MRCS shall provide these clarifications in writing and copy them to all firms on the short list (who intend to submit proposals). If necessary, MRCS shall extend the deadline for submission of proposals. The technical and financial proposals shall be submitted at the same time. No amendments to the technical or financial proposal shall be accepted after the deadline. To safeguard the integrity of the process, the technical and financial proposals shall be submitted in separate sealed envelopes. The Evaluation Panel shall open the technical envelopes immediately after the closing time for submission of proposals. The financial proposals shall remain sealed until they are opened publicly.

Any proposal received after the closing time for submission of proposals shall be returned unopened.

MRCS may use electronic systems permitting consultants to submit proposals by electronic means, provided MRCS is satisfied with the adequacy of the system, including, *inter alia*, that the system is secure and maintains the confidentiality and authenticity of proposals submitted. Moreover, the system could use an electronic signature system or equivalent to keep consultants bound to their proposals, and only allows proposals to be opened with due simultaneous electronic authorization of the consultant and the Evaluation Panel. In this case, consultants shall continue to have the option to submit their proposals in hard copy.

7.1.7 Evaluation of Proposals

**General Considerations**

The Evaluation Panel is a committee of experts appointed by the CEO to carry out the evaluation of technical and financial proposals. The appointment of the Evaluation Panel is addressed under section 3.3 of this
manual. The panel uses the evaluation criteria and sub-criteria set out in the Data Sheet attached to the RFP. The panel is not authorized to change, amend, or modify the TOR or the evaluation criteria.

Consultants prepare their proposals based on the TOR included in the RFP; proposal responsiveness must be assessed against these TOR. The TOR should not be modified after submission of the proposals because such changes could affect the fairness and transparency of the selection process. The task of the Evaluation Panel is to evaluate the proposals and submit the Evaluation Report and recommendations for award to the CEO through the Director of Administration.

The evaluation of the proposals shall be carried out in two stages: first the quality, and then the cost. Evaluators of technical proposals shall not have access to the financial proposals until the technical evaluation is concluded. Financial proposals shall be opened only thereafter. The evaluation shall be carried out in full conformity with the provisions of the RFP.

**Figure 3** illustrates the process for submission to award of contract.
Figure 3. Preparation, submission, and evaluation of proposals (QCBS)

Requests for clarifications

Letters of invitation are issued

Pre-bid conference as and when required

Evaluation Panel is appointed (shortly before proposals submission)

Evaluation Panel meets to agree on rating system to adopt for evaluating the technical proposals

Evaluation Panel confirms that all members fully understand the evaluation process and method

Technical and financial proposals are received

Opening of the proposals by the appointed officials. Provisions are taken for the safekeeping of the financial proposals

Each member of the Evaluation Panel independently evaluates the technical proposals

Evaluation Panel meets to discuss and consolidate the evaluation

The Evaluation Panel prepares technical evaluation report and forwards to the Procurement Unit

The Procurement Team reviews the technical evaluation report, notes possible technical deviations and concurs the procurement procedure

Procurement Team forwards the report to the CEO through AD Director for approval

Procurement Team notifies the consultants of the date for the opening of the financial proposals

Opening of the financial proposals by the Evaluation Panel

Evaluation Panel evaluates the financial proposals, determines the combined scores and recommends for award, and delivers the final evaluation report to the CEO

The CEO reviews the final evaluation report and awards the Contract

The Procurement Team invites the first-ranked consultant to negotiations

Contract signing and fund obligation. (Check if prior approval by respective donor is required)
Evaluation of Quality

The Evaluation Panel shall evaluate each technical proposal, taking into account the following criteria: (a) the consultant’s relevant experience for the assignment; (b) the quality of the methodology proposed; (c) the qualifications of the key staff proposed; (d) transfer of knowledge, if required in the TOR; and (e) the extent of participation by regional staff among key personnel in the performance of the assignment. Each criterion shall be marked on a scale of 1 to 100. Then the marks shall be weighted to become overall scores. The following weights are indicative. The actual percentage of the figures to be used shall fit the specific assignment and shall be within these ranges. The proposed weights shall be disclosed in the RFP.

<table>
<thead>
<tr>
<th>Table 4. Proposed weights given for consultant evaluation criteria</th>
</tr>
</thead>
<tbody>
<tr>
<td>Consultant’s specific experience</td>
</tr>
<tr>
<td>Methodology and approach</td>
</tr>
<tr>
<td>Key personnel</td>
</tr>
<tr>
<td>Transfer of knowledge</td>
</tr>
<tr>
<td>Participation by regional personnel</td>
</tr>
<tr>
<td><strong>Total:</strong></td>
</tr>
</tbody>
</table>

The criteria are normally divided into sub-criteria. However, the number of sub-criteria should be kept to those that are essential. The weight given to experience can be relatively modest, since this criterion has already been taken into account when short-listing the consultant. More weight shall be given to the methodology in the case of more complex assignments.

Evaluation of only the key personnel is recommended. Since key personnel ultimately determine the quality of performance, more weight shall be assigned to this criterion if the proposed assignment is complex. The Evaluation Panel shall review the qualifications and experience of proposed key personnel in their Curricula Vitae (CV), which must be accurate, complete, and signed by an authorized official of the consulting firm and/or the individual proposed. The individuals shall be rated in the following three sub-criteria, as relevant to the task:

(a) General qualifications: general education and training, length of experience, positions held, time with the consulting firm as staff, experience in developing countries, and so forth;

(b) Adequacy for the assignment: education, training, and experience in the specific sector, field, subject, and so forth, relevant to the particular assignment; and

(c) Experience in the region: knowledge of the regional languages, culture, administrative system, governments, and so forth.

(d) MRCS reserves the right to interview staff nominated by the firm in order to confirm skills such as communication, presentation, coordination, etc., depending on the nature of the assignment.

The Evaluation Panel will evaluate each proposal based on its responsiveness to the TOR. A proposal shall be considered unsuitable and shall be rejected at this stage if it does not respond to important aspects of the TOR or if it fails to achieve a minimum technical score as specified in the RFP.

In instances where scores from Evaluation Panel members vary greatly, the Procurement Officer will come in as an *ex officio* member and point out the apparent contradiction with a view for panelists to review their scores. In such cases, the acceptable variation threshold shall be 20%.

At the end of the process, the Evaluation Panel shall prepare a **Technical Evaluation Report** of the “quality” of the proposals. The report shall substantiate the results of the evaluation and describe the relative strengths and weaknesses of the proposals. All records relating to the evaluation, such as individual mark sheets, shall be retained until the project and its audit are complete.
**Evaluation of Cost**

After the evaluation of quality is completed, the Procurement Officer shall inform the consultants of the technical points assigned to each consultant. For those who pass the technical evaluation round, the Procurement Officer will obtain the password to their financial proposal in case of electronic submission of bids. They shall also notify those consultants whose proposals did not meet the minimum qualifying mark or were considered nonresponsive to the RFP and TOR that their financial proposals will be returned unopened after the signing of the contract. The Procurement Officer shall simultaneously notify the consultants that have secured the minimum qualifying mark of the date, time, and place set for opening the financial proposals when applicable. The opening date shall be defined allowing sufficient time (but not more than 2 weeks) for consultants to arrange to attend the public opening of the financial proposals if they wish to.

For big contracts, mainly procurement of works, the financial proposals shall be opened publicly in the presence of representatives of the consultants who choose to attend (in person or online). The name of the consultant, the technical points, and the proposed prices shall be read aloud (and posted online when electronic submission of proposals is used) and recorded when the financial proposals are opened. The Evaluation Panel shall also prepare the minutes of the public opening and a copy of this record shall be promptly sent to all consultants who submitted proposals.

The Evaluation Panel shall then review the financial proposals. If there are any arithmetical errors, they shall be corrected. For comparing proposals, the costs shall be converted to a single currency selected by MRC as stated in the RFP. The RFP shall specify the source of the exchange rate to be used and the date of that exchange rate, provided that the date shall not be earlier than four weeks prior to the deadline for submission of proposals, nor later than the original date of expiration of the period of validity of the proposal.

For the purpose of evaluation, “cost” shall exclude local identifiable indirect taxes on the contract and income tax payable on the remuneration of services rendered by non-resident staff of the consultant. The cost shall include all consultant’s remuneration and other expenses such as travel, translation, report printing, or secretarial expenses. The proposal with the lowest cost may be given a financial score of 100 and other proposals given financial scores that are inversely proportional to their prices. Alternatively, a directly proportional or other methodology may be used in allocating the marks for the cost. The methodology to be used shall be described in the RFP.

**Combined Quality and Cost Evaluation**

The Evaluation Panel shall obtain the total score by weighting the quality and cost scores and adding them. The weight for the “cost” shall be chosen, taking into account the complexity of the assignment and the relative importance of quality. The weight for cost should normally be between 15-30 points maximum but should normally be approximately 20 points out of a total score of 100. The proposed weightings for quality and cost shall be specified in the RFP. The firm obtaining the highest total score shall be invited for negotiations.

**7.1.8 Rejection of All Proposals**

If all proposals are found to be nonresponsive, MRCS may be justified to reject all of them. The grounds for rejecting all proposals are as follows:

- The proposals present major deficiencies in complying with the RFP and specifically the TOR; or
- All proposals fail to achieve the minimum qualifying mark (technical score) indicated in the RFP; or
- The proposal prices are substantially higher than the estimated budget.

Before all proposals are rejected and a new request for proposals is issued, the new process may include revising the RFP (including the short list) and the budget. Calling for new proposals creates obvious delays and should remain the last resort.

Before the contract is signed, the panel can recommend to the CEO to cancel the procurement process without any candidates or bidders being entitled to claim any compensation. If the bid package is divided into lots, a single lot can be cancelled. Cancellation may occur when:
The tendering process has been unsuccessful (no qualitatively or financially worthwhile proposal has been received or no proposal at all);
- The economic or technical data of the related project has been fundamentally altered;
- All technically compliant tenders exceed the financial resources available;
- There have been irregularities during the bidding process which could have prevented fair competition;
- Exceptional circumstances or force majeure which make normal contract execution impossible.

If a procurement process is cancelled, MRCS shall notify all bidders in writing as soon as possible quoting the reasons for the cancellation. A cancellation notice should also be published on MRCS website and other related publication means which were used when launching the related tender.

After cancelling a tender, the Evaluation Panel may recommend the CEO to decide to:
- Launch a new tender process;
- Open negotiations with one or more bidders who participated in the first tendering process if the original terms of contract have not been substantially altered. (This option is, however, not available if the reason for the cancellation is that there have been irregularities during the first tendering process which may have prevented fair competition)
- Not to award the contract

7.1.9 Negotiations and Award of Contract

Negotiations shall include discussions of the TOR, the methodology, staffing, MRCS inputs, and special conditions of the contract. These discussions should not substantially alter the original TOR or the terms of the contract; this prevents the quality of the final product, its cost, and the relevance of the initial evaluation from being affected. Major reductions in work inputs should not be made solely to meet the budget. The final TOR and the agreed methodology shall be incorporated in the “Description of Services,” which forms part of the contract.

The selected firm should not be allowed to substitute key staff unless both parties agree that undue delay in the selection process makes such substitution unavoidable or that such changes are critical to meet the objectives of the assignment. If this is not the case and if it is established that key staff were included in the proposal without confirming their availability, the firm may be disqualified, and the process continued with the next ranked firm. The key staff proposed for substitution shall have qualifications equal to or better than the key staff initially proposed. Financial negotiations shall include clarification of the consultants’ tax liability (if any) and how this tax liability has been or would be reflected in the contract. As Lump-Sum Contract payments are based on delivery of outputs (or products), the offered price shall include all costs (staff time, overhead, travel, hotel, etc.).

In the case of time-based Contracts, payment is based on inputs (staff time and reimbursable) and the offered price shall include staff rates and an estimation of the amount reimbursable. When the selection method includes price as a component, negotiations of staff rates should not take place, except in special circumstances; for example, staff rates offered are much higher than typically charged rates by consultants for similar contracts. Consequently, the prohibition of negotiations does not preclude the right of the MRCS to ask for clarifications, and, if fees are very high, to ask for a change of fees.

If MRCS wants to define ceilings for unit prices of certain reimbursable (like travel or hotel rates), they should indicate the maximum levels of those rates or define a per diem in the RFP or in the contract. If MRCS does not define the ceilings applicable, the consultant’s proposed rates might be applied.

If the negotiations fail to result in an acceptable contract, MRCS shall terminate the negotiations and invite the next ranked firm for negotiations. The consultant shall be informed of the reasons for termination of the negotiations. Such reasons shall not be based on items that were not negotiable in the first instance. Once negotiations are commenced with the next ranked firm, the Secretariat shall not reopen the earlier negotiations. After negotiations are successfully completed and the CEO has awarded the negotiated contract, the Procurement Team shall promptly notify other firms on the short list that they were unsuccessful.
7.1.10 Publication of the Award of Contract
Within two weeks after contract signing, the Procurement Team shall publish on the MRCS Website the Contract Award Notice with the following information: (a) the names of all consultants who submitted proposals; (b) the total scores assigned to each consultant; and (c) the evaluated prices of the winning consultant. Other information shall include: (d) the final point ranking of the consultants; (e) the name of the winning consultant and the price, duration, and summary scope of the contract. The same information shall be sent to all consultants who have submitted proposals.

7.2 Other Selection Methods
This section describes the selection methods other than QCBS, and the circumstances under which they are acceptable. All the other relevant provisions under QCBS shall apply whenever competition is used.

7.2.1 Quality-Based Selection (QBS)
QBS is appropriate for the following types of assignments:
(a) Complex or highly specialized assignments for which 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-sectoral feasibility studies, or of an urban master plan, financial sector reforms, etc.);
(b) Assignments that have a high downstream impact and in which the objective is to have the best experts (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
(c) Assignments that can be carried out in substantially different ways, such that proposals will not be comparable (for example, management advice, and sector and policy studies in which the value of the services depends on the quality of the analysis).

In QBS, the RFP may request submission of both technical and financial proposals at the same time, but in separate envelopes (two-envelope system). The RFP shall provide either the estimated budget or the estimated number of key staff time, specifying that this information is given as an indication only and that consultants shall be free to propose their own estimates. MRCS will negotiate the contract based on the rates proposed by the consultant. The Evaluation Panel and the consultant shall then negotiate the financial proposal and the contract.

All other aspects of the selection process shall be identical to those of QCBS, including the publication of the Award of Contract except that only the price of the winning firm is published. There should be safeguards built in to ensure that the price proposal of only the selected firm is opened and the rest returned unopened after the negotiations are successfully concluded.

7.2.2 Selection under a Fixed Budget (FBS)
This method is appropriate only when the assignment is simple, can be precisely defined, and when the budget is fixed. The RFP shall indicate the available budget and request the consultants to provide their best technical and financial proposals in separate envelopes, within the budget. TOR should be particularly well prepared to make sure that the budget is sufficient for the consultants to perform the expected tasks.

Evaluation of all technical proposals shall be carried out first as in the QCBS method. Then the financial proposals shall be opened. Proposals that exceed the indicated budget shall be rejected. The Consultant who has submitted the highest ranked technical proposal among the rest shall be selected and invited to negotiate a contract. Notably, the technical and financial scores are not combined, as opposed to QCBS method. The publication of the Award of Contract shall be as in QCBS.

7.2.3 Least-Cost Selection (LCS)
This method is only appropriate for selecting consultants for assignments of a standard or routine nature where well established practices and standards exist. This method shall not be used as a substitute for QCBS.
and shall be used only for the specific cases of a very standard and routine technical nature where the intellectual component is minor. A “minimum” qualifying “quality” mark is established, normally 70 points or higher. The minimum qualifying mark shall be stated in the RFP. Proposals should be submitted in two envelopes, containing a technical proposal and a financial proposal respectively.

Technical proposals are opened first and evaluated. Those bids securing less than the minimum qualifying mark are rejected, and the financial proposals of the rest are opened. The firm with the lowest price among those that met the minimum qualifying mark shall then be selected. The publication of the Award of Contract shall be as in QCBS procedure.

7.2.4 Selection Based on the Consultants’ Qualifications (CQS)

This method may be used for small assignments for which the need for preparing and evaluating competitive proposals is not justified. In such cases, the Secretariat shall prepare the TOR, request expressions of interest and information on the consultants’ experience and competence relevant to the assignment, establish a short list, and select the firm with the most appropriate qualifications and references. The selected firm shall be asked to submit a combined technical-financial proposal and then be invited to negotiate the contract.

The Secretariat shall publish the name of the consultant to which the contract was awarded, the price, the duration, and the scope of the contract on the MRC Website.

7.2.5 Single-Source Selection (SSS)

Previously referred to as waiver of competitive bidding, a single-source selection (SSS) of consultants does not provide the benefits of competition on quality and cost, lacks transparency in selection, and could encourage unethical practices. Therefore, single-source selection shall be used only in exceptional cases. The justification for single-source selection shall be examined in the context of the overall interests of MRCs and the project, and the responsibility to ensure economy and efficiency and provide equal opportunity to all qualified consultants.

SSS may be appropriate only if it presents a clear advantage over competition. It is allowed in the following cases:

- The desired technical qualifications are such that it would be difficult to identify the required number of qualified firms;
- The work to be undertaken is a natural continuation of an earlier or ongoing job, if it can be proven that the engagement of the same consultant will be more economical and will ensure compatibility of results in terms of quality of work;
- For reasons of extreme urgency brought about by events unforeseen by the Secretariat, the consulting services could not be obtained in time under open tendering procedures.

This process shall be used only when approved by the CEO through the Director of Administration (based on their delegated approval authority) who is satisfied that the justification given is accurate and the price quoted is reasonable.

7.3 Debriefing

In the publication of contract award, MRCs shall specify that any consultant who wishes to ascertain the grounds on which its proposal was not selected should request an explanation from the Procurement Team. The Procurement Team shall promptly provide the explanation as to why said proposal was not selected, either in writing and/or in a debriefing meeting, at the option of the consultant. The requesting consultant shall bear all the costs of attending such a debriefing.
CHAPTER 8: PROCUREMENT OF GOODS, WORKS, AND NON-CONSULTANCY SERVICES

8.1 Identification of Requirements

A procurement request for goods, works, and non-consultancy services may originate from any division. The Requesting division should estimate the cost based on past procurement (if applicable) and current market prices, confirm the source of funds, and check whether the request could be consolidated with similar known requests to make a more attractive package for potential bidders.

A procurement request needs to be fully identified with detailed technical specifications, drawings, plans (if applicable), and scope of work. Specifications should be generic and should not include brand names, model numbers or trademarks except where these are essential for compatibility with existing machinery, equipment, or instruments. Table 5 summarizes the basic requirements for setting specifications, scope of work, and terms of reference.

Table 5. Basic guidance for setting specifications and scope of work.

<table>
<thead>
<tr>
<th>Type of procurement</th>
<th>Guidance</th>
</tr>
</thead>
<tbody>
<tr>
<td>Goods</td>
<td>Define the requirement in terms of description, quantity, quality, urgency, packing, and marking requirements, and provide a detailed specification.</td>
</tr>
<tr>
<td>Works</td>
<td>Prepare plans, drawings, specifications, and a bill of quantities under the supervision of a qualified engineer. In most cases there would be the need to procure an engineering consultancy firm to develop acceptable specifications, drawings, plans, that would then be used in the procurement process.</td>
</tr>
<tr>
<td>Non-consultancy services</td>
<td>Prepare a description of services required, and a detailed scope of work including the period of the contract, quality standards expected, service levels, and criteria for payment.</td>
</tr>
</tbody>
</table>

Requesting division will issue a Purchase Requisition (PR) Form and submit to the Procurement Officer. The following information should be included in such a PR:

- Title of the procurement
- Location and indicative time of delivery
- Item numbers and description, specifications (without specifying a particular brand name), any spare parts required
- Quantity required
- Measurement Unit where applicable
- Estimated unit and total cost
- Source of funding (project code/budget line)
- Supporting documents to be attached can include detailed specifications, plans, drawings (where applicable), bill of quantities
- Suggested list of potential suppliers to be invited (if it can be provided by the requesting section or programme)

Purchase requisition instructions

The original, duly signed Purchase Requisition Form should be submitted directly to the Procurement Team. Upon receipt of the PR, the Procurement Team will:

- Check supporting documents for completeness;
- Review the price estimate and discuss with the requesting division in case of any revisions;
- Verify if the request is in the Annual Procurement Plan of the concerned section/programme;
- Review the specifications with the requesting section/programme;
- Classify the requirements into lots to maximize competition;
- Determine the procurement method to be used;
- Prepare a detailed justification in case of use of Single Source Selection or Direct Procurement method.

**Choice of Procurement Procedure**

### 8.1.1 Procurement Procedures

The Procurement Team will undertake all procurements for the Secretariat in accordance with the procedures set out in this manual.

Although procurement processes may be initiated before funding has been fully secured or sufficient funds have been transferred, procurement action leading to a legal obligation (contract) on the part of the MRC Secretariat shall not proceed unless: (i) the funds specifically designated or needed to cover the costs involved have been committed by Development Partners (DPs); or (ii) other sources of funds to meet initial instalments have been received and credited to the MRCS’s accounts.

The approved procurement procedures are:
- International open tendering
- Regional open tendering
- Restricted tendering
- Direct procurement
- Request for quotation
- Low value procurements

Each of these procurement methods is described in Chapter 5 (including Request for Proposal). The Procurement Team will apply the most appropriate procurement method for each procurement package. The activities for the rest of the procurement process depends on which procurement method is to be applied. In the following section, the Open International Tendering procedure is used to illustrate the procurement process.

### 8.1.2 Initiation of Procurement

The Procurement Officer and Procurement Assistant at MRCS will initiate procurement upon:

- Receipt of a duly signed Purchase Requisition Form, which includes full details and technical specification of the goods. In the case of works or services, a detailed and comprehensive scope of works or services should be forwarded to the Procurement Team to initiate prompt action.
- Clear information on funding source and budget limitations.

The requesting divisions are responsible for the preparation of project documents, specifications and scope of work for services. The Procurement Team can assist the requesting division to review specifications for a wide range of office equipment if required. The purchase requisition shall be approved by the Division Director or his/her officer-in-charge, having been previously agreed by the relevant budget Manager.

On receipt of the completed, signed and authorised Purchase Requisition Form or Terms of Reference (for services), the Procurement Team will follow the appropriate procedures set out below, depending upon the value of the goods, works or services to be procured.
8.2 Choice of Bidding Document

The objective of open tendering is to provide all eligible prospective bidders with timely and adequate notification of the requirements and an equal opportunity to bid for the required goods, works and non-consultancy services. For this purpose, the standard bidding documents are available for use in all procurements. The Procurement Team should apply the relevant document to be used for the specific procurement package.

- Standard bidding document for works
- Standard bidding document for goods and non-consultancy services
- Request for quotation form

8.3 Choice of the Type and Size of Contract

It is important that the correct type of contract is used taking into account the size of the resultant contract and other factors. The bidding documents shall clearly state the type of contract to be entered into and contain the proposed contract provisions appropriate for the procurement package.

The most common types of contracts provide for payments based on a lump sum, unit prices, reimbursable cost plus fees, or a combination thereof. Reimbursable cost contracts are acceptable only in exceptional circumstances such as conditions of high risk or where costs cannot be determined in advance with sufficient accuracy. Such contracts shall include appropriate incentives to limit costs.

The types of contract included in the standard bidding document are:
- Goods contract
- Works contract
- Purchase order

Chapter 10 of this manual describes each of these contract types in detail.

8.4 Two-Stage Bidding

In the case of complex contracts or works of a special nature or complex information and communication technology, it may be undesirable or impractical to prepare complete technical specifications in advance. In such a case, a two-stage bidding procedure may be used. First, un-priced technical proposals based on a conceptual design or performance specifications are invited, subject to technical as well as commercial clarifications and adjustments. In the second stage, the amended bidding documents, final technical proposals, and priced bids are submitted. The Procurement Team, working closely with the requesting division, will determine whether a two-stage bidding process is required.

8.5 Notification and Advertising

Timely notification of bidding opportunities is essential in competitive bidding. For projects that require competitive bidding, the Procurement Team shall prepare a General Procurement Notice and publish it on the MRC website/portal, and on either the UN Development Business online (UNDB online) or the Development Gateway’s Market (DgMarket). The notice shall contain information concerning MRC, scope of procurement, and the name, telephone number, address, email, and the address of the Website where Specific Procurement Notices will be posted. If known, the scheduled date for availability of prequalification or bidding documents should be indicated.

Invitations to prequalify or to bid, as the case may be, shall be advertised as Specific Procurement Notices at least on the MRCS website, and in either the DgMarket or UNDB Online. Such invitations can also be placed on one regional leading newspaper upon request of the concerned division. Notification shall be given in sufficient time to enable prospective bidders to obtain prequalification or bidding documents, prepare, and submit their responses.
8.6 Prequalification of Bidders

Prequalification is usually necessary for big or complex works, or in any other circumstances in which the high costs of preparing detailed bids could discourage competition. Prequalification also ensures that invitations to bid are extended only to those who have adequate capabilities and resources. A Standard Bidding Document for Prequalification should be used for this purpose. The bidding documents shall be made available to the qualified prospective bidders as soon as prequalification is completed. Chapter 6 describes in detail the process for prequalification for goods, works and non-consultancy services.

8.7 Developing Bidding Documents

Bidding documents shall furnish all information necessary for a prospective bidder to prepare a bid for the goods, works or non-consultancy services to be provided. While the detail and complexity of these documents may vary with the size and nature of the proposed bid package and contract, for goods and works they generally include:

- Invitation to bid;
- Instructions to bidders;
- Form of bid;
- Form of contract;
- Conditions of contract, both general and special;
- Specifications and drawings if any;
- Relevant technical data;
- List of goods or bill of quantities;
- Delivery time or schedule of completion;
- Necessary appendices, such as formats for various securities.

The basis for bid evaluation and selection of the lowest evaluated bid shall be clearly outlined in the instructions to bidders and/or the specifications. If a fee is charged for the bidding documents, it shall be reasonable and reflect only the cost of their printing and delivery to prospective bidders, and shall not be so high as to discourage qualified bidders. The Procurement Team may use an electronic system to distribute bidding documents, provided it is satisfied with the adequacy of such a system. If bidding documents are distributed electronically, the electronic system shall be secure to avoid modifications to the bidding documents.

The Secretariat shall use the appropriate Standard Bidding Documents (SBDs) with minimum changes, as necessary to address project-specific conditions. Any such changes shall be introduced only through bid or contract data sheets, or through special conditions of contract, and not by introducing changes in the standard wording of the SBD. Where no relevant standard bidding documents has been issued, the Procurement Team may use other internationally recognized standard conditions of contract and contract forms acceptable to MRCS.

Guidance on critical components of the bidding documents for goods and works is shown in Table 6.

<p>| Table 6. Guidance on critical components of the bidding documents for goods and works |
|-----------------------------------|----------------------------------------------------------------------------------|
| Bid validity                      | Bidders shall be required to submit bids valid for a period specified in the bidding documents, which shall be sufficient to enable MRC to complete the comparison and evaluation of bids, review the recommendation of award, and obtain all the necessary approvals so that the contract can be awarded within that period. |
| Bid Security                      | MRC has the option of requiring a bid security. When used, the bid security shall be in the amount and form specified in the bidding documents. It shall be issued by a reputable bank or financial institution selected by the bidder. If the institution issuing the security is located outside any of the MRC countries, it shall have a correspondent financial institution located in a country where the MRC Secretariat is located to make it enforceable. The bid security shall remain |</p>
<table>
<thead>
<tr>
<th>Language</th>
<th>Prequalification, bidding documents and the respective contracts shall be prepared and signed in English.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Clarity of Bidding Documents</td>
<td>Bidding documents shall be worded so as to permit and encourage competition and shall clearly and precisely set forth 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 or completion, minimum performance requirements, and the warranty and maintenance requirements, as well as any other pertinent terms and conditions. In addition, the bidding documents, where appropriate, shall define the tests, standards, and methods that will be used to judge the conformity of equipment as delivered, or works as performed, with the required specifications. Drawings shall be consistent with the text of the specifications, and an order of precedence between the two shall be specified. Bidding documents shall specify any factors, in addition to price, which will be taken into account in evaluating bids, and how such factors will be quantified or otherwise evaluated. If bids based on alternative designs, materials, completion schedules, payment terms, etc., are permitted, conditions for their acceptability and the method of their evaluation shall be stated. All prospective bidders shall be provided the same information, and shall be assured of equal opportunities to obtain additional information on a timely basis. MRC shall provide reasonable access to project sites for visits by prospective bidders during a pre-bid conference. Minutes of the conference shall be provided to all prospective bidders. Any additional information, clarification, correction of errors, or modifications of bidding documents shall be sent to each recipient of the original bidding documents in sufficient time before the deadline for receipt of bids to enable bidders to take appropriate actions. If necessary, the deadline shall be extended.</td>
</tr>
<tr>
<td>Standards</td>
<td>Standards, technical specifications, and scope of work quoted in bidding documents shall promote the broadest possible competition, while assuring the critical performance or other requirements for the procurement. As far as possible, MRC shall specify regional or internationally accepted standards such as those issued by the International Standards Organization with which the equipment, materials, or workmanship shall comply. Where such regional or international standards are unavailable or are inappropriate, national standards may be specified. In all cases, the bidding documents shall state that equipment, material, or workmanship meeting other standards, which promise at least substantial equivalence, will also be accepted.</td>
</tr>
<tr>
<td>Use of brand names</td>
<td>Specifications shall be based on relevant characteristics and/or performance requirements. References to brand names, catalog numbers, or similar classifications shall be avoided. If it is necessary to quote a brand name or catalog number of a particular manufacturer to clarify an otherwise incomplete specification, the words “or equivalent” shall be added after such reference. The specification shall permit the acceptance of offers for goods which have similar characteristics and which provide performance at least substantially equivalent to those specified.</td>
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</tr>
<tr>
<td>Pricing</td>
<td>Bids for goods shall be invited based on Carriage and Insurance Paid (CIP) (place of destination). Bidders shall be allowed to arrange for ocean and other transportation and related insurance from any eligible source. Where installation, commissioning, or other similar services are required to be performed by the bidder, as in the case of “supply and installation” contracts, the bidder shall also be required to quote for these services.</td>
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<tr>
<td></td>
<td>In the case of turnkey contracts, the bidder shall be required to quote the price of the installed plant at site, including all costs for supply of equipment, marine and local transportation and insurance, installation, and commissioning, as well as associated works and all other services included in the scope of contract such as design, maintenance, operation, etc.</td>
</tr>
<tr>
<td></td>
<td>Bidders for works contracts shall be required to quote unit prices or lump sum prices for the works. Bidders shall be allowed to obtain all inputs from any eligible source so that they may offer their most competitive bids.</td>
</tr>
<tr>
<td>Price adjustment</td>
<td>For goods and works contracts, bidding documents shall state either that: (a) bid prices will be fixed; or (b) that price adjustments will be made to reflect any changes (upwards or downwards) in major cost components of the contract, such as labor, equipment, materials, and fuel. Price adjustment provisions are usually not necessary in simple contracts involving delivery of goods or completion of works within eighteen months, but shall be included in contracts which extend beyond 18 months. However, it is normal commercial practice to obtain firm prices for some types of equipment regardless of the delivery time and in such cases price adjustment provisions are not needed.</td>
</tr>
<tr>
<td></td>
<td>Prices may be adjusted by the use of a prescribed formula (or formulae), which breaks down the total price into components that are adjusted by price indices specified for each component, or, alternatively, based on documentary evidence (including actual invoices) provided by the supplier or contractor. The use of the formula method of price adjustment is preferable to that of documentary evidence. The method to be used, the formula (if applicable), and the base date for application shall be clearly defined in the bidding documents.</td>
</tr>
<tr>
<td>Transportation and insurance</td>
<td>Bidding documents shall permit suppliers or contractors to arrange transportation and insurance from any eligible source. Bidding documents shall state the types and terms of insurance to be provided by the bidder. The indemnity payable under transportation insurance shall be at least <strong>110 percent</strong> of the contract amount in the currency of the contract or in a freely convertible currency to enable prompt replacement of lost or damaged goods. For works, a contractor’s All Risk form of policy usually shall be specified.</td>
</tr>
<tr>
<td>Currency</td>
<td>Bidding documents shall state the currency in which bidders are to state their prices, the procedure for conversion of prices expressed in different currencies</td>
</tr>
</tbody>
</table>
| Terms and methods of payment | Payment terms shall be in accordance with international commercial practices applicable to the specific goods and works.  
Contracts for supply of goods shall provide for full payment on the delivery and inspection, if so required, of the contracted goods except for contracts involving installation and commissioning, in which case a portion of the payment may be made after the supplier has complied with all its obligations under the contract. The use of letters of credit is encouraged to assure prompt payment to the supplier. In major contracts for equipment and plant, provision shall be made for suitable advances and, in contracts of long duration, for progress payments during the period of manufacture or assembly.  
Contracts for works shall provide in appropriate cases for mobilization advances, advances on contractor’s equipment and materials, regular progress payments, and reasonable retention amounts to be released upon compliance with the contractor’s obligations under contract.  
Any advance payment for mobilization and similar expenses made upon signing of a contract for goods or works shall be related to the estimated amount of these expenses and be specified in the bidding documents. Amounts and timing of other advances to be made, such as for materials delivered to the site for incorporation in the works, shall also be specified. The bidding documents shall specify the arrangements for any security required for advance payments.  
Bidding documents shall specify the payment method and terms offered, whether alternative payment methods and terms will be allowed and, if so, how the terms will affect the bid evaluation. |
| Alternative bids | The bidding documents shall clearly indicate when bidders are allowed to submit alternative bids, how alternative bids should be submitted, how bid prices should be offered, and the basis on which alternative bids shall be evaluated. |
| Conditions of contract | The contract documents shall clearly define the scope of work to be performed, the goods to be supplied, the rights and obligations of MRCS and of the supplier or contractor, and the functions and authority of the engineer, architect, or construction manager, if one is employed by MRCS, in the supervision and administration of the contract. In addition to the general conditions of contract, any special conditions particular to the specific goods or works to be procured and the location of the project shall be included. The conditions of contract shall provide a balanced allocation of risks and liabilities. |
### Performance Security

Bidding documents for works shall require security in an amount sufficient to protect MRCS in case of breach of contract by the contractor. This security shall be provided in an appropriate form and amount, as specified by MRCS in the bidding document. If the institution issuing the security is located outside the MRC region, it shall have a correspondent financial institution located in a country where the MRC Secretariat is located to make it enforceable. The amount of the security may vary, depending on the type of security furnished and on the nature and magnitude of the works. A portion of this security shall extend sufficiently beyond the date of completion of the works to cover the defects liability or maintenance period up to final acceptance. Alternatively, contracts may provide for a percentage of each periodic payment to be held as retention money until final acceptance. Contractors may be allowed to replace retention money with an equivalent security after provisional acceptance.

In contracts for the supply of goods, the need for performance security depends on the market conditions and commercial practice for the particular kind of goods. Suppliers or manufacturers may be required to provide a guarantee to protect against non-performance of the contract. Such security in an appropriate amount may also cover warranty obligations or, alternatively, a percentage of payments (not exceeding 10% of the payments) may be held as retention money to cover warranty obligations, and any installation or commissioning requirements. The security or retention money shall be reasonable in amount.

### Liquidated Damages

Provisions for liquidated damages or similar provisions in an appropriate amount shall be included in the conditions of contract when delays in the delivery of goods, completion of works or failure of the goods or works to meet performance requirements would result in extra cost or loss of revenue or loss of other benefits to MRCS. MRCS may take action to recover the cost where appropriated.

### Force Majeure

The conditions of contract shall stipulate that failure on the part of the parties to perform their obligations under the contract will not be considered a default if such failure is the result of an event of force majeure as defined in the conditions of contract.

### Applicable Law and Settlement of Disputes

The conditions of contract shall include provisions dealing with the applicable law and the forum for the settlement of disputes.

### 8.8 Time for Preparation of Bids

Time allowed for the preparation and submission of bids shall be determined with due consideration of the particular circumstances of the procurement and the magnitude and complexity of the contract. Bidders shall be permitted to submit bids by mail, courier, or by hand. MRCS may also use electronic systems permitting bidders to submit bids by electronic means, provided MRCS is satisfied with the adequacy of the system, including, inter alia, that the system is secure, maintains the confidentiality and authenticity of bids submitted, uses an electronic signature system or equivalent to keep bidders bound to their bids, and only allows bids to be opened with due simultaneous electronic authorization of the bidder and MRC. In this case, bidders shall continue to have the option to submit their bids in hard copy. The deadline and place for receipt of bids shall be specified in the invitation to bid.

### 8.9 Bid Opening

The time for the bid opening shall be the same as for the deadline for receipt of bids or promptly thereafter, and shall be announced, together with the place for bid opening, in the invitation to bid. MRCS shall open
all bids at the stipulated time and place. If stated in the tender documents and to enhance transparency in big contracts, bids shall be opened in public; bidders or their representatives shall be allowed to be present in person or online when electronic bidding is used. The name of the bidder and total amount of each bid, and of any alternative bids if they have been requested or permitted, shall be read aloud and posted online when electronic bidding is used and recorded when opened and a copy of this record shall be promptly sent to any bidder on request. Bids received after the time stipulated, as well as those not opened and read out at bid opening, shall not be considered. The Procurement Team will write Bid Opening Minutes and ensure all those who attend the bid opening sign the Bid Opening Register.

8.10 Clarifications or Alterations of Bids

Except as otherwise provided for, bidders shall not be requested or permitted to alter their bids after the deadline for receipt of bids. MRCS shall ask bidders for clarification needed to evaluate their bids but shall not ask or permit bidders to change the substance or price of their bids after the bid opening. Requests for clarification and the bidders’ responses shall be made in writing, in hard copy or by electronic mail.

8.11 Mandatory Notice

Where, during the course of a procurement, MRCS modifies the evaluation criteria or specifications set out in an approach to the market or in request documentation, or amends or reissues an approach to the market or request documentation, it must transmit all modifications or amended or reissued documents:

- To all the potential bidders that are participating at the time the information is amended, if known, and in all other cases, in the same manner as the original information; and
- In adequate time to allow potential bidders to modify and re-lodge their initial submissions.

8.12 Confidentiality

After the opening of bids, information relating to the examination, clarification, and evaluation of bids and recommendations concerning awards shall not be disclosed to bidders or other persons not officially concerned with this process until the publication of contract award. MRCS will in the case of a tender for goods, works or services for firms treat the potential bidders’ submissions as confidential prior to the award of a contract and keep unsuccessful submissions confidential after the award of the contract to a bidder. Once a contract has been awarded, the terms of the contract and successful bidder’s submission are not confidential unless the release of the information is not covered under MRCS’s Communication and Disclosure Policy.

8.13 Disclosure of Information in Respect of Sub-contractors

MRCS will include in its contracts with firms provisions requiring contractors to make available details of all sub-contractors engaged in respect of the procurement contract. The contractors will be required to inform relevant sub-contractors that the sub-contractor’s participation in fulfilling the contract for procurement may be publicly disclosed.

8.14 Preliminary Examination of Bids

The Procurement Team at MRCS shall ascertain whether the bids (a) meet the eligibility requirements; (b) have been properly signed; (c) are accompanied by the required securities or required declaration; (d) are substantially responsive to the bidding documents; and (e) are otherwise generally in order. If a bid is not substantially responsive, that is, it contains material deviations from or reservations to the terms, conditions, and specifications in the bidding documents, it shall not be considered further. Bidders shall not be permitted to correct or withdraw material deviations or reservations once bids have been opened. Preliminary evaluation bids shall always be done before the formal evaluation commences.
8.15 Evaluation and Comparison of Bids

The purpose of bid evaluation is to determine the cost of each bid in a manner that permits a comparison based on their evaluated cost. The bid with the lowest evaluated cost, but not necessarily the lowest submitted price, shall be selected for award.

The bid price read out at the bid opening shall be adjusted to correct any arithmetical errors. In addition, for the purpose of evaluation, adjustments shall be made for any quantifiable nonmaterial deviations or reservations. Price adjustment provisions applying to the period of implementation of the contract shall not be taken into account in the evaluation.

Bids will be examined in terms of conformity to the set evaluation criteria contained in the bidding documents. Bidding documents shall specify the relevant factors in addition to price to be considered in bid evaluation and the manner in which they will be applied for the purpose of determining the lowest evaluated bid. For goods and equipment, other factors may be taken into consideration including, among others, payment schedule, delivery time, operating costs, efficiency and compatibility of the equipment, availability of after-sales services and spare parts, and related training, safety, and environmental benefits. The factors other than price to be used for determining the lowest evaluated bid shall, to the extent practicable, be expressed in monetary terms, or given a relative weight in the evaluation provisions in the bidding documents.

Discussions can be held amongst the members at the discretion of the Chairperson of the panel during the evaluation process. The evaluation report should indicate whether each bid meets the minimum evaluation criteria. After examination of the bids in relation to the tender document, a list of responsive bids that conform to the minimum technical requirements and to the terms and conditions, will be prepared. Those that do not conform to the evaluation criteria will be eliminated as non-responsive. Respective financial proposals shall then be evaluated for completeness. The firm that is substantially responsive, meets all evaluation criteria, and whose price is the lowest is invited for contract negotiations.

The Evaluation Panel shall prepare and submit to the CEO through CFO and the Director of Administration a detailed report on the evaluation and comparison of bids setting forth the specific reasons on which the recommendation is based for the award of the contract.

8.16 Extension of Validity of Bids

MRCS through the CFO and Administration Director shall complete evaluation of bids and award of contract within the initial period of bid validity so that extensions are not necessary. An extension of bid validity, if justified by exceptional circumstances, shall be requested in writing from all bidders before the expiration date. The extension shall be for the minimum period required to complete the evaluation, obtain the necessary approvals, and award the contract. Whenever an extension of bid validity period is requested, bidders shall not be requested or be permitted to change the quoted (base) price or other conditions of their bid. Bidders shall have the right to refuse to grant such an extension. If the bidding documents require a bid security, bidders may exercise their right to refuse to grant such an extension without forfeiting their bid security, but those who are willing to extend the validity of their bid shall be required to provide a suitable extension of bid security.

8.17 Post-qualification of Bidders

If bidders have not been pre-qualified, the Administration Director at MRCS shall determine whether the bidder, whose bid has been determined as the lowest evaluated offer, has the capability and resources to effectively carry out the contract as offered in the bid. The criteria to be met shall be set out in the bidding documents, and if the bidder does not meet them, their bid shall be rejected. In such an event, the Evaluation Panel shall make a similar determination for the next-lowest evaluated bidder.
8.18 Award of Contract

The CEO shall award the contract, within the period of the validity of bids, to the bidder who meets the appropriate, required standards of capability and resources and whose bid has been determined: (i) to be substantially responsive to the bidding documents (lowest evaluated bidder); and (ii) to offer the lowest evaluated cost (lowest evaluated bid).

A bidder shall not be required, as a condition of award, to undertake responsibilities for work not stipulated in the bidding documents or otherwise to modify the bid as originally submitted. The winning bidder and the losing bidders shall be notified of the award decision at the same time. The resulting contract will be signed within a minimum period of 7 calendar days.

8.19 Publication of the Award of Contract

Within two (2) weeks after contract signing, the Procurement Team shall publish in the MRC Website the Contract Award Notice. The notice shall identify the bid and lot numbers and the following information: (a) name of each bidder who submitted a bid; (b) bid prices as read out at bid opening; (c) name and evaluated prices of each bid that was evaluated. Other information includes: (d) name of bidders whose bids were rejected and the reasons for their rejection; and (e) name of the winning bidder, and the price it offered as well as the duration and summary scope of the contract awarded.

8.20 Rejection of All Bids

Bidding documents usually specify that MRCS may reject all bids. Rejection of all bids is justified in one of the following cases:

- There have been irregularities during the bidding process which could have prevented fair competition;
- Bids are not substantially responsive;
- When bid prices are substantially higher than existing budget; or
- There have been exceptional circumstances or force majeure which could make normal contract execution impossible.

Lack of competition shall not be determined solely based on the number of bidders. Even when only one bid is submitted, the bidding process may be considered valid, if the bid was satisfactorily advertised and prices are reasonable in comparison to market values. The CEO may reject all bids. As a result, the related tender procedure will be cancelled. After the decision to reject all bids is made and within 10 working days of such a decision, all bidders will be notified in writing that the procurement proceeding for the tender has been cancelled. In such a case, the Procurement Officer, working together with the requesting division shall review the causes justifying the rejection and consider revising the conditions of contract, design and specifications, scope of the contract, or a combination of these, before inviting new bids.

If the rejection of all bids is due to lack of competition, wider advertising shall be considered. If the rejection is due to most or all of the bids being nonresponsive, new bids may be invited from the initially prequalified firms. All bids shall not be rejected and new bids invited on the same bidding and contract documents solely for obtaining lower prices. If the lowest evaluated responsive bid exceeds the pre-bid cost estimates by a substantial margin, the Administration Director with support from the CFO shall investigate causes for the excessive cost and consider requesting new bids as described in the previous paragraphs. Alternatively, the Administration Director and CFO may negotiate with the lowest evaluated bidder to try to obtain a satisfactory contract through a reduction in the scope and/or a reallocation of risk and responsibility, which can be reflected in a reduction of the contract price. However, substantial reduction in the scope or modification to the contract documents shall require a rebid.
8.21 Debriefing

In the publication of the Contract Award Notice, MRCS specifies that any bidder who wishes to ascertain the grounds on which its bid was not selected should request an explanation from MRCS. The Procurement Team shall promptly provide an explanation of why the bid was not selected, either in writing and/or in a debriefing meeting, at the option of MRCS. The requesting bidder shall bear all the costs of attending such a debriefing.

However, following the award of a contract in the case of procurement of works, goods and non-consultancy services, MRCS will promptly inform all bidders of the tender decision and on request provide any unsuccessful bidder with the reasons its submission was not successful. On request, debriefings will also be provided to the successful bidder. To this extent, the Evaluation Panel shall include in its evaluation report for each bidder a written debriefing clause and shall assign a panel member to debrief - when required - the bidder on technical issues. The Administration Division will provide debriefing on financial and legal matters.
CHAPTER 9: TYPES OF CONTRACTS

9 Introduction

It is important at the outset that the correct type of contract is used taking into account the size of the resultant contract and other factors. The bidding documents shall clearly state the type of contract to be entered into and contain the proposed contract provisions appropriate for the procurement package.

The following standard forms of contracts have been designed for various procurements:

- Consultant-Big, lump-sum contract (more than US$80,000)
- Consultant-Big, time-based contract (more than US$80,000)
- Consultant-Small, lump-sum contract (less than US$40,000)
- Consultant-Small, time-based contract (less than US$40,000)
- Goods contract
- Works contract
- Purchase order

The most common types of contracts provide for payments based on a lump sum, unit prices, reimbursable cost plus fees, or combinations thereof. Reimbursable cost contracts are acceptable only in exceptional circumstances, such as conditions of high risk or where costs cannot be determined in advance with sufficient accuracy. Such contracts shall include appropriate incentives to limit costs.

The size and scope of individual contracts will depend on the magnitude, nature, and location of the project. For projects requiring a variety of goods and works, separate contracts are generally awarded for the supply and/or installation of different items of equipment and plant, and for the works.

For a project requiring similar but separate items of equipment or works, bids may be invited under alternative contract options that would attract the interest of both small and big firms, which could be allowed, at their option, to bid for individual contracts (slices) or for a group of similar contracts (package). All bids and combinations of bids shall be received by the same deadline and opened and evaluated simultaneously to determine the bid or combination of bids offering the lowest evaluated cost.

In certain cases, MRCS may require a turnkey contract under which the design and engineering, the supply and installation of equipment, and the construction of a complete facility or works are provided under one contract. Alternatively, possibly with the use of an independent consultant, MRCS may remain responsible for the design and engineering, and invite bids for a single responsibility contract for the supply and installation of all goods and works required for the project component. Contracts for design, construction and management services are also acceptable where appropriate.

9.1 Consultant Contracts

Three main considerations determine what type of contract to adopt: (a) the nature of the assignment; (b) the distribution of risks and rewards between MRCS and the consultant; and (c) the circumstances of MRCS and of the consultant. The level of capacity in contract management and consulting services supervision that MRCS will be able to provide may also be a factor in choice. The following types of consultant contracts could be used: Lump-sum, time-based, retainer or contingency (success) fee, percentage, and indefinite-delivery. Each type of contract is described briefly in the following paragraphs, as well as the criteria that are suggested for their adoption and correct application.

9.1.1 Lump-Sum Contracts

Lump-sum contracts are used mainly for assignments in which the content and duration of the services and the expected output of the consultant are clearly defined. Under a lump-sum contract, MRC agrees to pay the consultant a fixed sum of money for services given with up-front specified technical characteristics, such as a study report, project design, and tender document (the quality of which can usually be readily assessed).
to be delivered within a specified deadline. Lump-sum contracts leave the risk of assignment cost overruns with the consultant.

Lump-sum contracts are often used in relatively simple and clearly defined assignments such as planning and feasibility studies, environmental studies, detailed design of infrastructures, preparation of databases, and surveys. Lump-sum contracts are also adopted in cases of sophisticated and clear-cut assignments of short duration in which external factors generally are not expected to influence, delay or substantially change, the outcome of the advice or study being provided.

Remuneration is fixed for the duration of the contract, and no physical or price contingencies are normally provided. Payments are made in accordance with a contractually agreed schedule at the delivery of an agreed output. If payments are made against a schedule of percentage of work completed, then, as a minimum, a progress report and supporting evidence that the planned work has been completed satisfactorily should be submitted.

The lump-sum contract is easy to administer and requires little technical supervision, because no matching of inputs to payments is required. This type of contract is also indicated for clients with relatively small or weak administrative and managerial structures, but with capacity for appreciating the quality of the consultants’ advice or services.

A lump-sum contract transfers cost risk to the consultants and gives MRCS certainty about the costs involved in procuring consulting services. However, it can increase the risks for MRCS with regards to the quality of the advice. Because fees are fixed, after the contract is awarded consultants may internalize efficiency gains. Their incentives are to reduce outputs compared with those they had originally planned to increase profit margins.

These incentives can be offset by MRCS’ ability to assess and enforce quality standards. The Secretariat can engage peer reviewers to monitor the quality of advice and ensure that important issues are completely covered. This activity requires relatively little time or expense. If quality is not easy to assess, the timely delivery of the agreed output may be one proxy.

Before committing to a lump-sum contract, consultants should evaluate the main technical, institutional, and (where necessary) political risks that may affect their capacity to manage these parameters, and they should make sufficient provision for them in the contract.

### 9.1.2 Time-Based Contracts

Under this type of contract, the consultant provides its services on a timed basis according to quality specifications, and the consultant’s remuneration is based on: (a) agreed unit rates for consultant staff multiplied by the actual time spent by the staff in executing the assignment; and (b) reimbursable expenses using actual expenses or agreed unit prices.

Time-based contracts transfer cost risk to MRCS. They require a system to monitor and control assignment progress and costs because the incentives of consulting firms are to assign more resources on the job, including more senior resources and recover fees faster.

Time-based contracts are recommended in the following cases:

- The nature and scope of the services are such that the TOR cannot be established with sufficient precision, as may be the case for complex or unusual assignments that are difficult to define;
- The duration and quantity of services, that is the amount of staff-months, depend on variables that are beyond the control of the consultants, or the services are related to activities undertaken by third parties, for instance supervision of implementation assignments;
- The output required from the consultants is difficult to assess in advance; for instance, for technical assistance, institutional development, or emergency situations in which MRCS requirements for assistance may evolve during the execution of the assignment;
- A capacity building programme, transfer of knowledge, forms part of the assignment.

Time-based contracts normally include a ceiling on the payments to consultants; consultants will suspend work until a change in the scope of work is authorized or the deadline for the completion of the services is extended. This ceiling should include contingencies for unforeseen work and its duration, as well as a
provision for price adjustments, where appropriate. Price adjustment should normally be included if the contract lasts for more than **18 months**, or if foreign and local inflation is estimated to exceed a certain rate; for example, 5 percent per year.

This type of contract requires MRCS to supervise consultants closely and to be more involved in the execution of the assignment. MRCS is usually aware of who is working on the job and the nature of each expert’s task. Key staff are usually named in the contract, and their tasks outlined. Administration of this type of contract may require significant administrative effort and contract management capacity on the part of MRCS.

Time-based contracts are particularly suitable for long-term assignments, one or more years, wherein the project can be subject to variations and delays that may change the duration and modify the scope of the consultant’s services.

### 9.1.3 Retainer Fee Contracts

In this type of contract, the QCBS method, in which consultants are asked to quote a retainer fee or a success fee (or both), is generally recommended for the selection of consultants. The proportion of retainer and success fees is often fixed in advance and is not subject to negotiation. The retainer fee proportion tends to be set higher if the consultant’s role contributes more to the planning and design of consultancy activities rather than to the effort of successfully carrying out the assignment. The retainer fee is paid as a lump sum if the scope of work of the assignment and its duration can be clearly defined; otherwise, a time-based remuneration should be adopted.

Success fees are appropriate when success is related to the efforts of the firms involved and is relatively easy to quantify. Common estimates for the size of success fees are in the range of **0.2 to 3 percent** of the project value, depending on the country, size of the transaction, and market conditions.

### 9.1.4 Percentage Contracts

In a percentage contract, consultants receive an agreed on percentage of the actual project cost or of the transaction sale price. However, this type of contract offers no incentive to lower the cost of the services. On the contrary, it may induce consultants to adopt more expensive design solutions to increase the absolute value of their remuneration. The percentage contract is mainly used for procurement or inspection agents for services that are directly related to the quantity and cost of the goods or works procured or inspected.

### 9.1.5 Price Agreement or Standing Offers

Commonly referred to as framework contracts, indefinite delivery contracts refer to contracts in which an individual firm or an association of firms is contracted for a specified period to undertake tasks as and when the need arises. Framework (or “call-off”) Contracts shall be used, wherever practical to provide an efficient, cost effective and flexible means to procure goods, works or services that are required continuously or repeatedly over a set period.

Framework contracts are particularly useful for items that are readily available in the regional or local market, or are for items of relatively short shelf life. Examples include vehicle maintenance, cleaning services, on-call routine maintenance and minor repair works, travel services, etc.

The objective of framework contracts is to minimize the cost and effort wasted in preparation of multiple similar small procurement processes by agreeing fixed item prices with a supplier for a set period. The aggregation of requirements will result in greater price competition among providers to win the right to supply all requirements for the subject of the framework contract. The availability of common supplies from such a supplier will also minimize the requirement for stockholding within the stores. The specific workload is **unknown** at the outset; all that is known is that items or services are likely to be needed in a particular area.

Indefinite-delivery contracts are usually agreed on because it is anticipated that the services will have two particular characteristics:

- MRCS will need access to immediately available or on-call services for urgent assignments, and a lengthy competitive bidding process is impossible because of external circumstances. Sometimes these
services could include routinely required services or those where experts are required for urgent remedial actions in emergency situations caused by natural calamities, wars, or epidemic outbreaks;

- Each individual consultancy will be quite small, making an expensive competitive selection process inefficient, although, when added together, the amount of advice or services is substantial.

These combined factors make it worthwhile to appoint suitable consultants or service providers who can be on standby and are called upon when needed. However, locking in one set of advisers over a considerable period raises a number of issues related to the selection of the consultants; therefore, the quality and price of the services proposed must be addressed. Because it is not known how often or for what specific tasks the consultants will be called upon, they may not be able to submit a plan of work or a fixed total price. At the same time, the long contract period and the unknown activation dates mean that consultants may always credibly claim that the requested expert is not available.

Evaluation of bids is typically based on the capabilities of companies in the area under consideration, including their depth and breadth of experience, area of expertise, and available staff.

Open tendering procedures shall be used for the establishment of framework contracts and use a standard bidding document and contract format provided for the purchase. The Procurement Officer in consultation with the requesting division will:

- Identify specific procurements that would benefit from framework contracts by examining annual values and numbers of orders for related procurements;
- Prepare detailed specifications of requirements, a bidding document and draft advertisement;
- Issue an open tender for each annual requirement, subdivided into lots as appropriate and subject to an indefinite quantities clause; and
- Follow standard procedures for the opening, evaluation, and award of contracts.

Following completion of the award, call-off or delivery orders will be issued as a simple Purchase Order for specific requirements as and when needed during the period of the framework contract. For the procurement of items subject to framework contracts, no requesting division shall be permitted to purchase items by any other process except in the case of unforeseen emergencies for which the amount involved does not exceed those indicated in the Procurement Thresholds.

The awarded consultant is required within a Framework Contract to provide its services based on separate delivery orders issued by MRCS during the contract period. The consultant is expected to carry out any such delivery order with the agreed specifications and within the required period and within the agreed prices.

Remuneration is based on agreed unit rates for staff fees plus reimbursable expenses; payments can be made based either on the time actually spent or on a lump-sum basis. Administering an indefinite delivery contract requires considerable capacity in the Procurement Team, who must negotiate and administer each delivery order.

9.2 Selection of the Appropriate Contract Form

The type of contract to be chosen usually correlates with both the scope of work of the assignment and the method adopted for the selection of the consultants (See Table 7). When the assignment is simple, the scope of work of the services is clearly defined, and the estimates of both time input and cost of the assignment are considered accurate, the selection of consultants is usually based on QCBS. In these cases, the lump-sum contract may be adopted. When these conditions are not met, QBS and time-based contracts are more appropriate.

When the nature of the assignment requires the use of Fixed-Budget Selection (FBS) or the Least-Cost Selection (LCS), the lump-sum contract should normally be used. The type of contract may also depend on the interest of MRCS in directly supervising consultant activities and on the desire that capacity building take place through a close interaction between MRCS and consultant staff. For control and learning purposes,
a time-based contract is more appropriate if a particular MRCS division has sufficiently strong staff and a good institutional setup that allow efficient supervision of the assignment. If this is not the case, a lump-sum contract may be preferable.
Table 7. Correlation between type of assignment, selection method, and type of contract

<table>
<thead>
<tr>
<th>Type of assignment/ scope of work</th>
<th>Selection Method</th>
<th>Type of contract</th>
</tr>
</thead>
<tbody>
<tr>
<td>Critical studies in the field of policy, strategy, and management of the MRC</td>
<td>QBS</td>
<td>Time-based</td>
</tr>
<tr>
<td>Country economic, sector, or investment studies</td>
<td></td>
<td></td>
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<tr>
<td>Master plans</td>
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<tr>
<td>Pre-feasibility studies</td>
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<tr>
<td>Complex feasibility studies</td>
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<tr>
<td>Studies or design of complex projects</td>
<td></td>
<td></td>
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<tr>
<td>Studies in new technology or human and social sciences</td>
<td></td>
<td></td>
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<tr>
<td>Simple planning studies</td>
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<tr>
<td>Simple feasibility studies</td>
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<td></td>
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<tr>
<td>Environmental studies</td>
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<tr>
<td>Contract and detailed design of infrastructures</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Preparation of bidding documents</td>
<td>QCBS</td>
<td>Lump-sum</td>
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<tr>
<td>Data processing</td>
<td></td>
<td></td>
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<tr>
<td>Clearly defined strategy and management studies</td>
<td></td>
<td></td>
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<tr>
<td>Technical assistance for institutional development</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Technical assistance for privatization programmes</td>
<td>QBS or QCBS</td>
<td>Time-based or indefinite delivery</td>
</tr>
<tr>
<td>Programmes</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Technical assistance in investment projects</td>
<td>QCBS</td>
<td>Time-based</td>
</tr>
<tr>
<td>Construction supervision</td>
<td></td>
<td>Time-based</td>
</tr>
<tr>
<td>Privatization operations</td>
<td>QCBS</td>
<td>Retainer and/or success fee</td>
</tr>
<tr>
<td>Financial sector reforms</td>
<td>QCBS</td>
<td>Retainer and/or success fee</td>
</tr>
<tr>
<td>Procurement/inspection</td>
<td>QBS</td>
<td>Percentage</td>
</tr>
<tr>
<td>Simple, precisely defined assignment with fixed budget</td>
<td>QCBS</td>
<td></td>
</tr>
<tr>
<td>Standard or routine assignments</td>
<td>QBS</td>
<td>Lump-sum</td>
</tr>
<tr>
<td></td>
<td>LCS</td>
<td></td>
</tr>
</tbody>
</table>
9.3 Preparation of the Contract

Following the award of contract by the CEO, the Procurement Team with the assistance of the requesting division as required will prepare a Purchase Order or draft contract document. For all contracts other than simple Purchase Orders without special conditions, the following action will be taken:
- Prepare a draft contract with the assistance of relevant technical services; and
- Submit the draft contract to the supplier or consultant for comment.

9.4 Contract Signing and Issuance

The Procurement Team will:
- Send a formal notice of award of contract to the winning bidder; request for submission of any required performance or advance payment securities and invite the bidder to sign the contract;
- If the bidder fails to provide the specified securities or refuses without good reason to sign the contract as requested, refer to the CEO for approval of the confiscation of the bidder’s bid security and award to the next ranked bidder;
- Finalize the contract;
- Following the signing of both parties and submission of any performance or advance payment securities specified in the notice of award, distribute a copy of the contract to the concerned internal section or division.
CHAPTER 10: CONTRACT ADMINISTRATION

A procurement contract is a written agreement between MRCS and a supplier, contractor or consultant that is enforceable in law. In a procurement contract, the contractor has the responsibility to perform the contractual obligations as per the terms and conditions of the contract. MRCS has the responsibility of meeting its obligations of paying the contractor as per the terms and conditions of the contract. For the purpose of ensuring that both parties perform and meet their obligations, procurement contracts must be managed with an aim of obtaining goods, works, services, and consultancies as per the contract and achieve good value for money.

10.1 Contract Effectiveness

Even if both parties may have signed the contract, the legal effectiveness of the contract may be dependent on one or more of the following conditions:

▪ Receipt of the performance security;
▪ Receipt of the advance payment security; and/or
▪ Receipt of an acceptable letter of credit.

10.1.1 Procurement File

For each procurement contract, the procurement file should contain:

▪ Purchase Requisition Form or Request Memo
▪ Bidding document
▪ Bids received
▪ Memo on nomination of evaluation members
▪ Memo on approval of evaluation grid
▪ Evaluation reports
▪ Minutes of contract award
▪ All correspondence (clarifications) during the tendering process
▪ All correspondence during the negotiation process
▪ Signed original procurement contract
▪ Any signed modifications to the contract
▪ Information on performance including evaluation form
▪ All correspondence from the contract signing, contract implementation to the conclusion phase
▪ Management progress reports
▪ Minutes of meetings of project teams
▪ Payment records and close-out documents
▪ Copy of performance security, if required
▪ Record on discharge of performance security where applicable
▪ Any other relevant information

10.2 Responsibilities

The responsibility for contract administration and project management should be clearly specified in the contract document. For each contract, there must be a staff member or a team of staff acting as the Contract Administrator or Division Director. The Contract Administrator should ensure that the contractor performs the work as per the terms and conditions of the contract, which includes:

▪ Monitoring the performance of the contractor to ensure that all delivery or obligations are met or appropriate action taken by MRCS in the event obligations are not met;
▪ Ensuring that the contractor submits all required documentation as specified in the bidding documents, the contract, and as required by law;
▪ Ensuring MRCS makes all payments and meets other obligations on time and in accordance with the contract;
▪ Ensuring there is adequate cost, quality and time control, as required;
- Preparing required contract variations or amendments and obtain all required approvals before issuing them;
- Managing handover or acceptance procedures;
- Making recommendations for contract termination; where appropriate, obtain all required approvals and manage the termination process;
- Ensuring that the contract is complete prior to closing the contract file including all handover procedures, transfers of title if applicable, and that the final retention payment has been made;
- Ensuring that all contract administration records are complete, up to date, filed and archived as required; and
- Discharging of performance guarantee where required.

10.3 Receiving and Inspection

Inspection and acceptance of goods, works, and services is the final stage in the procurement cycle. At this stage, the Secretariat should ensure that the contract or procurement order has been duly enforced and that the deliveries correspond to the contract terms in respect of:

- Timing
- Standards and specifications
- Quantities
- Place
- Price, value and costs

It is the responsibility of the Procurement Team and the requesting division to ensure that each of these dimensions have been duly verified before accepting the final delivery of any procured item. The acceptance and certification of delivery is the evidence that it will serve to effect payments to the contractor.

10.4 Bid Security

Bid securities are used to protect MRCS against a bidder withdrawing from the procurement process before the award of contract. Bid security is normally in the form of a bank guarantee issued by a recognized commercial bank specifying the detailed conditionality for defaults under which MRCS may call for payment. Due to the costs incurred by a bidder in obtaining a bank guarantee, bid securities are normally only used in higher value open tendering procedures. When used, the bid security shall be in the amount and form specified in the bidding documents and shall remain valid for a period of four weeks beyond the validity period for the bids in order to provide reasonable time for MRCS to act if the security is to be called. Bid securities shall be released to unsuccessful bidders once the contract has been signed with the winning bidder. In place of a bid security, MRCS may require bidders to sign a declaration accepting that if they withdraw or modify their bids during the period of validity or they are awarded the contract and they fail to sign the contract or to submit a performance security before the deadline defined in the bidding documents, the bidder will be suspended for a period of time from being eligible for bidding in any contract with MRCS.

Bid and performance securities for consultants’ services are not recommended for the following reasons:

- Bid securities are not an accepted standard for tenders for consultancy services and are likely to discourage participation by consultancy firms;
- Enforcement of bid securities may be subject to dispute; for example, when final negotiations fail to reach a satisfactory conclusion;
- Performance securities can be easily abused due to personality clashes or other factors beyond the direct control of the consultant which may affect achievement under the contract;
- There is often a strong element of subjectivity rather than objectivity in determining the success or failure of an assignment;
- Securities increase the costs to the consulting industry without evident benefits, and the costs are inevitably passed on to the client through higher prices.
10.5 Performance Security

Performance securities from a supplier or contractor are used to protect MRCS by guaranteeing performance under the terms of the contract. Such securities are normally required in the form of a bank guarantee specifying the specific conditionality for defaults under which MRCS may call for payment.

Any requirement for a performance security shall be indicated in the bidding documents as a set percentage of the total contract value. The value shall normally be set at between 5% to 15% of the contract sum, based on consideration of the risks and costs that MRCS may suffer in the event of any default by the supplier or contractor. Performance securities are not advisable for consultancy services for the same reasons as those of bid security.

10.6 Advance Payment Security

An advance payment security may be required from the supplier or contractor to cover the full amount of the advance payment. Advance payment securities shall normally be in the form of a bank guarantee specifying the specific conditions under which MRCS may call for payment.

10.7 Retention

Retention is a percentage sum that may be deducted from each payment certificate under a contract for works to guarantee performance. Retentions are normally only applicable to works projects or occasionally to the supply of machinery and equipment. The rate of retention to be withheld from all certificates or stage payments for works contracts shall be specified in the contract. This rate is normally set at 10% of each installment. Following interim takeover of the works, a further payment may be made to the contractor under the terms of the contract to reduce the retention to a lower percentage of the contract price. The balance of any retention monies will only be released to the supplier or contractor on satisfactory completion of the guarantee or warranty period stated in the contract.

10.8 Liquidated Damages

Provisions for liquidated damages or similar provisions in an appropriate amount shall be included in the contract conditions when delays in the delivery of goods, completion of works or failure of the goods or works to meet performance requirements result in extra costs, loss of revenue or loss of other benefits to MRCS.

10.9 Managing Securities

Securities, whether for the purpose of Bid Security, Advance Payment Guarantee or Performance Security must not be annotated in any way and must, after the details have been recorded, be immediately stored in a safe or secure place.

The Procurement Team shall record the following details of the security in the register:

- Procurement or tender reference number;
- Contract title and number (as applicable);
- Bidder or supplier name;
- Value of the security;
- Form of guarantee (e.g. Certified cheque or bank guarantee);
- Name of issuing bank; and
- Expiry date of the security.

All securities must be returned to the respective bidder, supplier, or contractor as soon as they are no longer required. Bid securities in particular must be returned immediately to all bidders once the relevant contract is signed and all conditions for contract effectiveness have been met. Performance and advance payment securities must be returned once the supplier/contractor has discharged their obligations.

The Procurement Team shall issue reminders not less than two (2) weeks before any security is due to expire.
for the following reasons:

- If the reason for the security is no longer applicable, then the security must be immediately returned to the bidder or supplier/contractor;
- When the contract has been awarded to another bidder;
- Work which is covered by a performance security has been performed or the warranty period has expired;
- The value of the advance payment has been deducted from other payments to the supplier or contractor;
- If the award of a tender is delayed, invite bidders in writing to extend their Bid Securities for an appropriate period;
- If it is foreseen that a supplier or contractor cannot complete / perform the task which is related to a security certificate within the remaining period, request the supplier or contractor to extend the guarantee by an appropriate period;
- If the supplier or contractor has defaulted on their contractual obligations, or refuses to extend an advance payment or performance security, seek advice of the Evaluation Panel to consider calling bank guarantees immediately by issuing a demand in writing to the issuing bank, not less than one week before the expiry date.

A called Security shall be paid to MRCS to compensate for costs or losses due to the non-performance of the supplier or contractor.

10.10 Pre-Shipment Inspection

Pre-shipment inspection (PSI) of goods may be required by MRCS for expensive imported goods and items prone to suffering 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, a nominated international third-party agent will normally undertake this or a technical team mandated by MRCS. The inspector, who must be experienced and appropriately skilled, will carry out tests on a random sampling basis where appropriate to ensure that the goods and packing are in strict conformity with the requirements.

Inspection agents conduct an inspection of goods before shipment or upon arrival in the country. They also certify that goods fulfill the required specifications of quality and quantity and are appropriately priced. Inspection agents receive a percentage of the value of the goods inspected and certified or a predetermined amount for each inspection. Inspection agents shall be procured through quality and cost-based selection methods in an open or restricted tendering procedure.

10.11 Contract Amendments

Contract amendments 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 MRCS, agreements to extend the time schedule, or from specified increases or decreases in commodity prices permitted in the contract. In accordance with the terms and conditions of a contract / agreement, amendments to its original value can be initiated by the Procurement Team upon receipt of a request from the responsible officer of the relevant division, provided that the amended contract value is within 15 per cent of the original contract value and funds are available. If the proposed amendment value exceeds 15 per cent of the original contract/agreement value, a new tendering process will be necessary unless the CEO agrees with the justification submitted for the amendment.

All amendments to costs, quantities, time periods and other terms and conditions of the contract must be approved by the CEO and confirmed in a formal contract amendment or variation. The Procurement Team will:

- Identify and agree with the requesting division and the supplier or contractor the specific clauses in the contract which need to be changed, and the new values or terms and conditions which are to apply;
- A draft contract amendment document will be prepared for approval;
- Record any change in the value of the contract in the Contracts Register;
Record any other contractual changes in the Contracts Register;
Obtain from the supplier/contractor any necessary addition to the performance security;
Arrange for signing of the contract amendment; and
Distribute them to the relevant offices

10.12  Contract Performance

10.12.1 Goods
The Procurement Team will undertake contract supervision and administration for goods. Monitoring delivery schedules, processing of documents and the inspection of goods are essential to ensure that the correct goods are delivered on time. The key activities are:
- Monitor the delivery schedules of all purchases to ensure that they are dispatched, delivered or collected on time including partial shipment;
- Receive reports on any pre-shipment inspection of goods and contact the supplier in writing requesting rectification of any discrepancies or deficiencies;
- Contact the supplier or shipper to identify the causes of any delay in delivery;
- Initiate and supervise any process for claims against insurance or the supplier;
- Reporting to the CFO and Administration Director where appropriate any failure by the supplier in their contractual obligations;
- Undertake customs clearance and payment of handling fees at the port of entry for imported goods;
- Co-ordinate the receipt and inspection of goods; and
- Issue a Goods Received Note for satisfactory delivery.

10.12.2 Works
The use of Supervising Engineers or Project Managers for big contracts can mean that daily control and supervision of the contract is not undertaken by MRCS. The Procurement Team shall work with the engineers to ensure necessary reports are submitted in time for management decisions.

The Supervising Engineer or Division Director or Chief who acts on behalf of MRCS to supervise and administer the contract carries out day-to-day supervision of big works contracts.
- The Supervising Engineer/ Division Director or Chief usually acts at the first level in settlement of disputes and must ensure that MRCS is informed of any disputes and their resolution. Any serious disputes, which may require an amendment or variation to the original contract must be reported immediately to the Procurement Team.
- Additional work or costs which are not covered under the terms of the existing contract and total contract value must be referred to the CEO for approval before commencement.
- Requests for extensions of time, with or without additional costs, or for additional payment to the contractor must be resolved quickly, subject to the approval of the CEO.

10.12.3 Services
Contract supervision and administration for simple routine services such as office cleaning, provision of transport or maintenance services, will be undertaken by the requesting division. For consultancy services, MRCS will usually nominate a Division Director or Chief to coordinate supervision and administration. The contract may specify payments on the basis of inputs (time), deliverables, retainers, unit rates or commission fees, and administrative and supervision activities must therefore be based on the specific terms of each contract. The Officer in charge of the activity will:
- Monitor the activity and performance in accordance with the contract to ensure levels of service are maintained and that deliverables are submitted or completed on time.
- 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.
- Ensure that all contractual obligations with MRCS are performed promptly and efficiently.
- Ensure that all deliverables (and especially reports) are reviewed immediately and responded to in writing where necessary;
- Contact the service provider to identify the causes of any failings in performance or failure to meet targets;
- Issue a formal letter to the service provider detailing any complaint if the explanation given is unsatisfactory or if performance is not improved within a reasonable period;
- Report to the CFO and Administration Director any continued breach by the service provider of their contractual obligations.

10.13 Payments for Goods, Works, Services and Consultancies

10.13.1 Goods
For simple payments against invoices, the Procurement Officer will forward a request for payment through the concerned division to the Finance Team with the following attachments:
- Original invoice from the supplier;
- The shipping documents or airway bill, or delivery note;
- Original of the Inspection Report;
- Original Goods Receipt Note;
- Results of any laboratory analysis;
- Calculation of any penalties for rejected goods not removed by the supplier and any liquidated damages if allowable under the contract;
- Copies of the contract document, records of approval, and financial authorizations.

The Procurement Team should keep a record of all the requests for payment sent to the Finance team.

10.13.2 Works
Payment for works contracts involving tender will normally be made against Payment Certificates issued by the contractor, reviewed by the Supervising Engineer and Division Director or Chief. MRCS must ensure that:
- More scrutiny must be undertaken for all completion reports for contracts of USD 20,000 and above and that quality verification is done by two (2) MRCS officials at the Chief Officer level or above and one (1) officer that directly in charge of the work;
- Any required retention specified under the contract is deducted from the value of the Certificate before payment;
- Agreed deductions in respect of the repayment schedule for any advance payment are deducted from the value of the Certificate before payment;
- On issue of an interim takeover certificate, part of any retention monies held may be paid to the contractor if specified in the contract; and
- On issue of a final takeover certificate, the balance of any retention monies is paid to the contractor.

The Requesting division submits a request for payment to the Procurement Officer with the following attachments: (a) the Payment Certificate, showing calculations of advance payments, interim payments, any retentions, liquidated damages or other penalties applicable under the contract; and (b) copies of relevant information from the contract document, records of approval, and financial authorizations.

The Procurement Team should: (a) record the requests for payment in the Contracts Register; and (b) forward the supporting documents to the Finance Team for payment processing.

10.13.3 Services
Payment for service contracts shall be made in accordance with the specific terms of the contract; they will be against invoice claims from the service provider. The relevant Division Director will ensure that:
- The invoice claim is justified by the evidence of timesheets, submission and acceptance of deliverables, or other criteria as specified in the contract;
- Agreed deductions in respect of the repayment schedule for any advance payment are made from the value of the invoice before payment; and
- Any retention sum specified in the contract is deducted from the value of the invoice before payment.

The concerned division will need to prepare a request for payment to the Finance Team which should be supported by:
The original invoice;
Payment Certificate showing calculations of advance payments, interim payments, any retentions, liquidated damages or other penalties applicable under the contract;
Copies of relevant information from the contract document, records of approval and financial authorizations; and
Copy of evaluation report (for final payment only) the report needs approval by two (2) MRCS officials at the Chief Officer level or above and one (1) officer that directly in charge of the work.

The Procurement Team will:
Check the invoice against relevant payment milestone in the signed contract;
Record the request for payment in the Contracts Register; and
Forward the supporting documents to the CFO and Director of Administration for payment approval.

MRCS has a responsibility to make payments promptly in accordance with the contract. Payment delays not only create a bad impression of MRCS, but also result in higher prices to MRCS as suppliers normally include cost of payment delays in their prices. The periods in which payments have to be made, and any penalties for delayed payment will be specified in the signed contract.

Conversely, as stated in section 8.7 “Liquidated damages”, when delays in the delivery of goods, completion of works or failure of the goods or works to meet performance requirements would result in extra cost or loss of revenue or loss of other benefits to MRCS, MRCS may take action to recover the cost where appropriate.

10.14 Contract Closure

The performance of the supplier or contractor must be monitored on a routine basis.

The Procurement Team will:
Agree the deliverables upon signing of the contract;
Notify the supplier or contractor immediately in writing of any performance concerns;
Update the contract file and Contracts Register regularly to reflect the progress; and
Ensure that the CFO and Administration Director are informed of any concerns on contract performance.

The Contract may impose certain conditions on MRCS, which if not complied with, may affect the supplier or contractor’s performance, including:
Payment within the contracted time limits;
Assistance with licenses etc.;
Approval of drawings or reports within the set time periods;
Provision of storage or working facilities and access permits;
Conditions relating to the provision of support services by MRCS (e.g. letters of invitation for visas, provision of office space, etc.).

It is the responsibility of MRCS to ensure adherence to agreed contract terms.

The Procurement Team must ensure that: (i) all obligations of MRCS are planned and performed without undue delay; and (ii) delivery of goods, construction of works and the performance of services be completed by the supplier or contractor in accordance with the time schedule prescribed in the Schedule of Requirements. Where this is not the case:
In accordance with the contract conditions, the supplier or contractor must notify MRCS in writing of the conditions delaying performance, including full details of the delay, and the likely duration and cause(s).
The Procurement Team and relevant officers in charge of the activity where appropriate, will immediately assess the situation, and may at their discretion recommend to the CEO an extension of the supplier or contractor's time for performance, with or without liquidated damages as specified in the contract.
▪ If time for performance is extended, both parties shall ratify such extension by a formal amendment to the contract subject to approval by the CEO.
▪ A delay by the supplier or contractor in the performance of obligations may render them liable to liquidated damages if specified in the contract document, except where: (a) the delay is a result of a force majeure; (b) there is no provision for liquidated damages in the contract; (c) an extension of time is agreed between the two parties without the application of liquidated damages.

The Procurement Officer should notify the requesting division immediately of such delays, refer to the relevant clauses in the Conditions of Contract for the applicable procedure, calculate and claim liquidated damages in collaboration with the requesting division, and update the Contracts Register to reflect any delays in the supplier’s performance.

10.15 Resolution of Disputes

Most minor disputes may be resolved by sensible discussion and agreement between MRCS and the supplier or contractor to rectify the cause of complaint. Any formal written complaints received from a supplier or contractor should be fully investigated and referred to the CEO to seek ways and means of addressing the complaints.
▪ The Procurement Team shall examine the contract carefully to be aware of all contract conditions relating to the resolution of disputes;
▪ MRCS may seek legal advice on interpretation of specific contractual clauses when necessary;
▪ The Legal Counsel shall determine if MRCS is at fault or partly at fault, and if so, take appropriate action to rectify the problem;
▪ The Procurement Team shall invite the supplier or contractor to a formal meeting within 10 calendar days of the complaint to discuss the issues and try to agree on a compromise acceptable to both parties;
▪ Ensure that accurate written minutes of any such meeting are kept;
▪ If an agreement is reached which changes any of the conditions of the contract, approval of the CEO is required before the agreement can be implemented;
▪ If no initial agreement is reached and negotiations conducted fail, the Legal Counsel shall advise on the use of conciliation or arbitration services as specified in the contract; and
▪ The Procurement Team shall prepare any necessary amendment to the contract for review and approval by the CEO.

10.16 Termination of Contract

All parties of a contract normally have the right to terminate the contract. Contracts shall only be terminated as per the terms and conditions spelt out in the contract. The Procurement Team shall examine the contract carefully to be aware of all contract conditions and penalties relating to termination of contract and prepare the necessary correspondences in relation to termination of contract and settlement of any contractual penalties. The CFO, Director of AD and CEO must be informed.
CHAPTER 11: PROCUREMENT RECORDS MANAGEMENT

11.1 Register of Suppliers, Consultants, Contractors, and Service Providers

Effective procurement depends greatly on the quality and delivery performance of suppliers, contractors, consultants and service providers, and their products and services. The Procurement Officer is responsible for maintenance and supervision of registers of suppliers, contractors, and service providers who are assessed as meeting the requirements of MRCS.

The Procurement Officer will maintain the Register of Suppliers, Contractors, Consultants and Service Providers used at MRCS based on the following principles:

- Periodic open advertisement to invite applications;
- Establishment and publication of clear evaluation criteria for acceptance into categories;
- Monitoring and evaluation of the performance of suppliers/contractors/consultants/service providers on contracts awarded;
- Removal from the register of suppliers/contractors/consultants/service providers who fail to perform satisfactorily;
- Sharing of database information with MRC Member Countries;
- Registration to be subject to periodic formal renewal, or cancellation if a supplier or contractor or consultant or service provider has not undertaken any contracts or re-registered within a three-year period;
- To ensure that any new suppliers, contractors, or service providers are given the opportunity to join the register, open advertisement for applications shall be published at least every two years;
- Where invitations are issued for expressions of interest or pre-qualification, suppliers, contractors and service providers who respond and found to be suitably qualified but not already on the Register, shall be added to the database automatically;
- In open tendering, where MRCS specifies the criteria and supporting information and documentation required by which the capability of bidders to execute a contract will be assessed, bidders who successfully pass this examination shall also be placed on the Register of Suppliers, Contractors, Consultants and Service Providers;
- Unsolicited application for registration should be promptly accepted after assessment based on the published criteria.

The Procurement Officer shall maintain a fair and transparent system for monitoring the performance against the specifications or contractual obligations based on the evidence recorded in the Procurement Dossier. Mitigating factors must be taken into consideration when assessing supplier/contractor/consultant/service provider’s performance, and especially factors outside their control, and any contributory acts or omissions on the part of MRCS, such as failure to make a payment or to provide required information on time.

Suppliers, contractors, service providers or consultants who fail to fulfill their contractual obligations in a satisfactory manner in terms of quality, delivery, performance, or customer service, and who fail to improve their performance on being notified of the deficiency, shall be removed from the register.

Suppliers, contractors, service providers or consultants failing to perform satisfactorily shall be notified in writing specifying the deficiencies to be addressed and may be given an opportunity to improve their performance. Those who consistently and seriously fail in contract performance shall be reported with full details to the CEO for approval to issue a notice of debarment from MRCS procurement for a specified period.

11.2 Records Management and Procurement Reporting

Correspondence and communications are essential to the management of relationships with suppliers, contractors, consultants, service providers and other bodies, but communications issued by MRCS may commit or bind it to a course of action with legal, contractual or financial implications. Therefore, all
procurement correspondence and other communications issued by MRCS shall emanate from the Procurement Team.

Documentary records, both in print or electronic format, are essential for efficient and effective management of activities. They 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. The documentary records should be kept for a period of not less than seven years.

All MRCS staff shall ensure they obtain, retain and maintain appropriate documentation supporting the activities for which they are responsible. Senior officers involved in approval or authorization shall ensure that any transactions they approve or authorize are backed by appropriate supporting documentation.

The Procurement Officer has a general responsibility for maintaining procurement dossiers and contracts registers. Responsibility for the official maintenance of record files, authority to access files, and co-ordination of management and follow-up actions must be clearly defined in each Contract Administration Unit to provide an audit trail and to avoid: (a) partial and incomplete records being held by several different sections and individuals; (b) unauthorized access to records; or (c) failure to take any necessary action at the right time.

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

**Correspondence**
- Original request from the originating officer
- Correspondence with the originating officer
- Correspondence with suppliers/contractors/consultants/service providers
- Internal correspondence within the Procurement Unit

**Bidding Process**
- Request for Expressions of Interest/Prequalification
- Advertisement for Short list
- Bidding documents and Specifications/Terms of Reference
- Correspondence with bidders
- Tenders, quotations or pro-forma invoices received
- Bid opening records
- Record of bid securities
- Evaluation Report
- Evidence of submission to the CEO

**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

**Finance**
- Copy invoices or certificates
- Copy Payment Vouchers (PV)
- Record of retentions and release, where appropriate
- Performance security and release

### 11.3 Procurement Monitoring and Evaluation

The Procurement Team lead by the Procurement Officer shall co-ordinate the monitoring and evaluation process, a process that must be routinely conducted to:
- Ensure that procurements are within a defined annual procurement plan;
- Identify weaknesses and delays in the procurement process;
- Compare prices against market standards;
- Identify the scale and values of commonly used items that MRCS may benefit from;
- The introduction of framework contracts;
- Identify regular procurements of identical items which may indicate that requirements have been split to avoid an approval threshold or a procurement procedure;
- Assess performance of the Procurement Team and procurement related committees;
- Assess performance of suppliers, contractors, consultants and service providers;
- Identify any necessary remedial action; and
- Maintain a table of contract management that includes list of contracts, contract value, date of processing, signing and expiry date of each contract and any amendment.

The Procurement Team should aim to prepare an Annual Procurement Report for each financial year analyzing all procurement activities by category, volumes and values, and reporting on specific issues, failures and successes in performance.

**ANNEXES**

The following documents included in the Procurement Toolkit are part of this Procurement Manual. They should be used to implement provisions in the manual.

1. Division Procurement Plan Form
2. MRCS Consolidated Annual Procurement Plan Form
3. General Procurement Notice
4. Purchase Requisition Form
5. Request for Expression of Interest
6. Invitation for Prequalification
7. Prequalification Questionnaire
8. Response to Bid Clarification
9. Notification of Bid Cancellation
10. Declaration of Objectivity and Confidentiality
11. Record of Bid Opening
12. Standard Terms of Reference for Bid Evaluation Panel
15. Notification of Contract Award
16. Notification of Unsuccessful Bid
17. Contract Award Notice
18. Purchase Order
19. Special Service Agreement
20. Service Contract
21. Performance Assessment Form for Consultancy Services by Firms
22. Performance Assessment Form for Individual Consultants
23. Request for Payment Form
24. Consultants Registration Form
25. Cost Estimation Guidelines for Procurement of Consultancy Services from Firms and for Construction Works.