



GUIDELINES FOR THE PROCUREMENT AND MANAGEMENT PROCESSES

RESPONSIBILITIES

■ Chief Executive Officer (CEO)

- Approves the Annual Procurement Plan for MRCS.
- Approves Evaluation Panels for the Procurement selection.
- Approves the Procurement Complaints Committee.

■ Divisions

- Develop annual procurement plan.
- Initial requests for procurements are based on the annual procurement plan including preparing TOR, and Purchase Request (PR).
- Provide three quotations for any services that exceeds USD 500 when directly purchase by divisions.
- Prepare a memo for any direct purchasing that exceeds USD 500 before submitting a request to the procurement team.
- Maintains and archives records of copied contracts within divisions in order to process payments when receiving invoices and documents for payment from contractors or service providers.
- Monitor and assess (as the contract performance) the quality of works, deliverables, and milestones to complete on time before processing payment requests to the procurement team to verify contract conditions and payment conditions.
- Prepare a request for any additional work or costs not covered under the existing contract terms to the CEO for approval before commencement.
- Prepare requests for extensions of contracts, with or without additional costs, to CEO for approval before ending the contract (if works are not complete).
- Prepare requests for payments to service providers with all complete sets of supporting documents to the procurement team for verification before submitting requests for payments to the finance team for further processing of payments to service providers.

SECTION 1: GENERAL INFORMATION

1.1 OBJECTIVES

The MRCS Procurement Guideline has been compiled to provide guidance to all MRCS staff involved in procurement. It is intended as a reference tool for guiding the practice of procurements, ensuring compliance with the current MRC Procurement Manual and applications of procurement international best practices. It also serves to facilitate the standardisation of procurement practices with a view to ensure an efficient and transparent public procurement system that is central to proficient financial management and offers equal opportunities for eligible competitors.

The MRCS Procurement Guideline gives procedural guidance and instructions on the procurement processes for the procurement of goods, works, non-consultancy services, and consultancy services. The MRCS Procurement Guideline is also aimed for bidders and suppliers to better understand the MRCS procurement systems and processes, to facilitate their participation in contracts, and to ensure the application of legal and best procurement practices.

1.2 SCOPE

This MRCS Procurement Guideline is applicable to all relevant parties for the procurement of goods, works, non-consultancy services, and consultancy services, by using resources appropriated through MRC budgetary processes and resources from a cooperating partner or funding agencies whose regulations allow the use of the MRCS Procurement Rules.

1.3 LEGAL FRAMEWORK

This MRCS Procurement Guideline is governed primarily by the following legal instruments.

- MRCS Procurement Manual *(approved at the 53rd JC meeting on 26 April 2022)*
- MRCS Human Resources Manual *(approved at the 53rd JC meeting on 26 April 2022)*
- MRCS Administration Manual *(approved at the 53rd JC meeting on 26 April 2022)*
- MRC Finance Manual *(approved at the 53rd JC meeting on 26 April 2022)*
- MRCS Code of Conduct (COC) *(approved at the 51st JC meeting on 16 June 2021)*
- MRC Fraud Prevention and Anti-Corruption (FPAC) Mechanism *(approved at the 51st JC meeting on 16 June 2021)*
- MRCS Due Diligence Guidelines (DDG) *(approved at the 53rd JC meeting on 26 April 2022)*

■ Procurement Team

- Performs supply market surveys.
- Assists and facilitates divisions, including encouraging and monitoring the implementation of the approved procurement plan.
- Publish the approved procurement plan (without est. costs) on the MRC Website.
- Prepares, publishes, and distributes procurement opportunities and notices of award and notices of tender acceptances.
- Coordinates the receiving and opening of tender documents.
- Coordinates the evaluation of tenders, quotations, and proposals.
- Issues procurement documents to candidates.
- Proposes the membership of the Evaluation Panel to the CEO for approval in consultation with requesting division.
- Compiles evaluation reports.
- Recommends a negotiating team for appointments by CEO.
- Prepares contract documents in line with awarded decisions.
- Prepares and issue rejection and debriefing letters.
- Prepares contract variations or contract amendments.
- Implements the decisions of the Procurement Complaints Committee.
- Coordinates and act as a Secretary to the Evaluation Committee.

■ Evaluation Panel

- The Evaluation Panel is set up for procurement selection processes.
- Five Panel members are approved by CEO upon the recommendation of the Procurement Officer in consultation with Directors of Divisions.
- Panel members shall not have direct contact with bidders or suppliers and are not authorized to conduct negotiations without the approval of the CEO.
- CFO and the Procurement Officer act as ex-officio (non-voting members) of the Panel.

1.4 PRINCIPLES AND ETHICS STANDARD OF PROCUREMENT

To achieve value for money and to effectively contribute to efficient service delivery, MRCS procurement practice must adopt strong ethical standards. All MRCS staff and other personnel connected with the procurement of goods, services or works, are responsible for carrying out their duties with due diligence and in the proper manner, whatever their role in the procurement process, directly or indirectly, whether it be planning, requisitioning, ordering, producing documents, making approvals, maintaining documents and records, or monitoring payments.

All personnel handling procurement and participating in any phase of the procurement process are expected to observe the followings:

- Due Diligence¹
- Fraud and Corruption²
- Conflict of Interest³
- Ethical Principle/Personal Gain⁴
- Business Gifts and Hospitality⁵

In addition, all procurement activities must be carried out in accordance with above highlight principles in order to avoid or to prevent unethical practices in the procurement processes.

Fraud and Corruption	All bidders must provide their information before entering the MRCS bidding by filling in the Supplies Declaration Form: (Annex 1 of Due Diligence Guideline) . It is to ensure that all selection criteria are fulfilled and prevent fraud and corruption in the procurement processes.
Conflict of Interest	All staff members are engaged in procurement activities must sign the Declaration of Objectivity and Confidentiality Form: (Annex 10 of the Procurement Manual) . This declaration concerns the personal interest as illegal that may affect or compromise staff's impartiality in the procurement process.
Ethical Principle/ Personal Gain	Staff shall not use their authority or office for personal gain or for their spouses, parents, children, or other close relatives.
Business Gifts and Hospitality	Staff shall not accept business gifts from current or potential providers unless such gifts are of very small intrinsic value.

¹ Due Diligence is mentioned in the FPAC page 12 and detailed in the Due Diligence Guideline (DDG).

² Fraud and Corruption are detailed in the COC page 9, the FPAC page 9, and Section 2.6 of the Procurement Manual, page 14.

³ Conflict of Interest is detailed in the COC page 10, the FPAC page 11, and Section 2.3 of the Procurement Manual, page 12.

⁴ Ethical Principle/Personal Gain is mentioned in Section 2.1 of the Procurement Manual, page 12.

⁵ Business Gifts and Hospitality is mentioned in the COC page 11, and Section 2.2 of the Procurement Manual, page 12.

■ Procurement Complaints Committee

- *Procurement Complaint Committee is a body that reviews complaints lodged by bidders who claim to have suffered loss or damage due to the breach of a duty imposed by MRCS. The CEO appoints 5 members of the Procurement Complaints Committee at the start of each financial year for an indefinite period.*

■ Third parties

- Contractors
- Bidders
- Firms
- Suppliers
- Service providers

■ Finance Team

- *Verify the request payments from Divisions and from the procurement team.*
- *Process payments to service providers, suppliers, or firms, according to obligated contracts and MRCS regulations and manuals.*

REFERENCE

■ MRC Operational manuals

- *Procurement Manual*
- *Human Resources Manual*
- *Finance Manual*
- *Administration Manual*

■ MRCS Guidelines

- *Fraud Prevention and Anti-Corruption Mechanism*
- *Code of Conduct*
- *Due Diligence Guideline*

1.5 OVERALL DIAGRAM OF GENERAL PROCUREMENT PROCESS

The Procurement Team works under the Administration Division at the MRC Secretariat. The Procurement Team must report to the Chief Finance Officer (CFO) and to the Director of Administration Division (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. The procurement team includes:

- **Procurement Officer** who is responsible for procurements concerning Service Firms, Works, MOUs, TORs, and the Work Agreements (WAs).
- **Procurement Assistant** who is responsible for the procurement of goods.

Figure 1: Summarize Diagram of procurement process steps⁶

Step 1	Divisions	- Develop Term of Reference (TOR) /specification. - Raise purchase requisition (PR) - Certify funds available. - Develop detailed evaluation grid.
Step 2	Procurement	- Draft bidding documents. - Place bid advertisement. - Issue bidding document to bidders
Step 3		- Issue clarification to bidders - Issue bid extension.
Step 4	Procurement	- Appoint Bid Evaluation Panel
Step 5	Procurement	- Receive bids. - Open bids. - Preliminary evaluation of bids
Step 6	Evaluation Panel	- Technical evaluation bids - Write technical evaluation report/s.
Step 7	Evaluation Panel	- Open financial bids submitted by email. - Write technical and financial evaluation report.
Step 8	Procurement Office	- Develop negotiation specifications (what is negotiable and what not). - Invite successful bidders for negotiation.
Step 9	Procurement Officer	- Inform successful and unsuccessful bidders about results.
Step 10	Procurement Officer	- Commit funds for the contract/s. - Submit the contract to AD Director and CEO for signing - Issue then the contract to successful bidders for signing
Step 11	Division	- Manage contract including contractor performance, if applicable. - Follow and monitor terms of (the) contract/s. - Prepare payments for contractor including invoices and
Step 12	Procurement	- Prepare contract closure formalities.

⁶ Refer to the Procurement responsibility chart at all \$ value (Procurement process) 3.5 of the Procurement Manual, page 19.

SECTION 2: PROCUREMENT PROCESSES AND PROCEDURES

2.1 PROCUREMENT PLANNING AND BUDGETING

At the initiation of the procurement process, each division must develop or create its annual procurement plan with an estimated value exceeding USD 500 and forward it to the Procurement team. Then, the Procurement team will consolidate all the requirements into an **Annual Procurement Plan**⁷ ([Using the Annual Procurement Plan Form : Annex 2 of Procurement Manual](#)). This step ensures that a procurement plan must be in place first before procuring.

Therefore, each division 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 team ***no later than the 31 January each year***. The CEO shall approve the Annual Procurement Plan of the entire MRC Secretariat on or before the ***15 February each year***.

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. After that, *the GPN will be posted* on the MRCS and DgMarket Websites.

Divisions must create Purchase Requisition based on the annual Procurement Plan ([Using the Purchase Requisition Form: Annex 4 of Procurement Manual](#)). However, any purchases that are less than USD 501 (or qual to USD 500) do not need the procurement plan. The division could prepare PR (as a reserve budget in the system) and directly purchase or provide PR to the procurement team to procure goods.

Further, if any goods, works, and non-consultancy service firms are ***unplanned***, divisions shall prepare the memo for approval by the CEO and PR (as a reserve budget in the system) before procuring. If the cost is under USD 500, it can be approved by the Director of AD.

2.2 OVERALL PROCUREMENT PROCEDURES

Based on the procurement manual, the main highlighted procurement methods (selection method) for Goods, Works, Non-Consulting services, and Consulting services firms are included ***(1) Petty Cash, (2) Shopping, (3) Open Tander (Requests for Quotation & Request for Proposals, and (4) Direct Purchasing***. All procurement procedures of Goods, Works, Non-consulting Service, and Consulting services firms must comply with [Procurement Methods and Thresholds](#), as shown in the summary in the table below in this guideline.

Table 1: Summary of Procurement methods and Procurement Thresholds ⁸

Procurement Methods	Procurement Thresholds (USD)	Compliance with Methods & Thresholds				
		Goods	Works	Non-Consultancy Service	Consultancy Service firms	MoU, TOR, and WA ⁹
Petty Cash	1-500	Yes	n/a	Yes	n/a	n/a
Shopping (Three quotations)	501 – 10,000	Yes	Yes	Yes	Yes	n/a
Open tender - Request for Quotation (RFQ) - Request for Proposal (RFP)	10,001 (Or above)	Yes	Yes	Yes	Yes	n/a
Direct Purchasing (Waiver, Direct Contracting, and Single Source Selection)	N/A No ceiling amount	Yes	Yes	Yes	Yes	Yes

⁷ Annual Procurement Plan is detailed in Section 5.5 of the Procurement Manual, page 25.

⁸ Refer to the procurement methods and thresholds Table are mentioned in Sub-section 4.6 of the Procurement Manual, page 16.

⁹ Refer to the section 10 of the Procurement Manual, page 15-60 for MoU, TOR and WA for Member Countries (MCs).

In addition, when goods or services are previously procured and if the cost is less than or equal to USD 10,000 (as the same orders or requirements), the procurement team can simply repeat orders within six months without going through the procurement process again.

The MRC Secretariat also defines: **1) procurement types, and 2) selection methods** for the procurement in this guideline to make it clearer understanding when using are as follows.

Table 2: Summary of Procurement Types

No	Type	Description (Definition)	Applied Methods
1	Goods	- IT equipment (Notebooks, desktop computers, printers, copy machines and etc) - Furniture (Tables, desks, chairs and etc) - Stationery and officer supply - Printing Publications - Medical/laboratory, air conditioner and technical equipment - Software licenses - Heavy machine and vehicles. - Boat and motorboat - Fishing equipment	▪ Petty cash ▪ Shopping ▪ Open Tender ▪ Direct Purchase
2	Works	- Renovation works - Construction works	▪ Shopping ▪ Direct purchase ▪ Open Tender (Request for quotation, or Request for proposal (apply only complex works))
3	Non-Consulting Service	- Maintenance (Generator, lift, air conditioner, copy machines, and etc) - Services (Security, cleaning, gardening, and Pest control	▪ Petty cash ▪ Shopping ▪ Open Tender (Request for proposal (apply only complex works)) ▪ Direct purchase
4	Consulting services	- Security Services, cleaning services, Travel service firm, - Auditing firm, data collection and Designer by firm, professional legal advice, conducting study, Research, reporting assessment Services and etc	▪ Shopping ▪ Direct purchase ▪ Open Tender
5	Memorandum of Understanding (MoU), Term of Reference (ToR), and Work Agreement (WA) with Member Countries (MRCs) ¹⁰	- Additional research, study, monitoring or collection of data in specific areas, reporting assessment Services at the MCs.	▪ Shopping ▪ Direct Purchase (Special agreement or Single Source Selection with MCs)

¹⁰ Refer to the section 10 of the Procurement Manual, page 59-60 for MoU, TOR and WA for Member Countries (MCs).

Table 3: Summary of Procurement Methods¹¹

No	Methods	Description (Definition)
1	Petty Cash	Petty Cash is referred to as low-value procurements. 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 or equal to USD500); • 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
2	Shopping	The shopping method is referred to comparing price quotations obtained from at least three (3) suppliers/contractors to ensure effective competition, the lowest priced, and technically acceptable offer. Shopping does not require formal bidding documents and is carried out by requesting phone, email, or official website quotations from several local or foreign suppliers or contractors – usually at least three – to ensure competitive prices. Where the goods and services are estimated to cost between USD 501 and USD 10,000, the Procurement Officer will obtain a minimum of three quotations from suppliers who are qualified to supply such goods or services, either locally or from abroad.
3	Open Tender - <i>Request for Quotation (RFQ)</i>	- <u>Request for Quotations</u> 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 a contract are required. This method compares quotations obtained from at least three (3) suppliers /contractors to ensure effective competition. Where special contract conditions are required, bidding documents and contract format are necessary. Where the goods and services are estimated to exceed USD10,000, 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.

	- Request for Proposal (RFP)	RFP is a formal method of solicitation. It is used for procurement of services and goods when requirements cannot be expressed quantitatively and qualitatively (e.g., consulting, or similar services) at the time of solicitation or for the purchase of complex goods or works where the requirements may be met in a variety of ways and an evaluation based on cumulative analysis is most appropriate. An RFP is only required for procurement equal or above USD 10,001 but can also be used for lower value procurement (below USD 10,001) if appropriate. RFP requests a technical proposal and financial proposals. The evaluation criteria are established in the RFP by identifying the technical and financial evaluation factors and weighting the key areas of importance that will be considered in the source selection. At MRCS weightings of technical and financial proposals can be in either: 80%-20%, 70%-30%, 60%-40% or 50%-50%. Weighting needs to be considered on a case-by-case basis to achieve the appropriate balance.
4	Direct Purchasing (Waiver, Direct Contracting, and Single Source Selection)	As a procurement method, direct purchasing is referred to as waiver of competitive bidding, single-source selection, or direct contracting; any direct purchasing should be prepared through a memo approval by CEO, before procuring. In the form of memo, amount of USD 501 to USD 10,000 to AD Director, if exceed USD 10,000 to CEO through AD Director. Direct purchasing is based on justification, emergency, and specialized equipment (Details are mentioned in procurement manual, page 29).

¹¹ Procurement methods are detailed in Section 6 of the Procurement Manual from page 26 to page 30.

2.3 PROCESS FOR THE PROCUREMENT BY RFP, RFQ, AND THE MOU, TOR AND WA FOR MCS

All procurement requests may originate from divisions for all procurement methods and processes. The requests of each division should estimate the cost based on (a) current market prices and past procurement (if applicable) and (b) confirm the source of funds that have been planned in the Annual Procurement Plan. The summary of three processes in this guideline are an example as follows.

2.3.1 REQUEST FOR PROPOSAL (RFP)

▪ STEP 1: STARTING PROCESS

Procurement team received a memo or a Purchase Requisition ([using the Purchase Requisition Form : Annex 4 of the Procurement Manual](#)) from Divisions with detailed specification requirements, Bill of Quantity (BOQ) as described in the table below; and Terms and Reference (TOR) as well.

▪ STEP 2: PROCUREMENT PROCESS

Good, Works, Non-Consulting Service, and Consulting Service Firms	Responsibility by	Verified by	Approval by
Issue bidding documents to bidders. (Using the Consultants Register Form: Annex 24 of the Procurement Manual)	Procurement Officer	CFO	AD Director
Prepare the Procurement notice for Publication into the MRCS Website, the MRCS Face Book page, Local newspaper and send direct to potential vendors. The time frame is 28 days for RFP).	Procurement Officer	OCEO (Communication team)	OCEO (Communication team)
Prepare the nomination memo for panel member including Chairperson and Panel members. Chairperson and Panel members must sign the declaration of confidentiality. (Using the Declaration of Objectivity and Confidentiality: Annex 10 of the Procurement Manual)	Procurement Officer and Concerned Division	N/A	CEO
Appoint Bid Evaluation Panel: Proposed by concerned divisions and approved by CEO.	Concerned Divisions	N/A	CEO
Pre-bid meeting and Bid clarifications	Procurement Officer	Concerned Division	N/A
Receive bids/Bid open/ Preliminary evaluation of bids. (Using the Record of Bid Opening: Annex 11 of the Procurement Manual)	Procurement Officer and Panel Members	Evaluation	N/A
Individual Technical evaluation of bids and provide the evaluation individual confidential score to PU only	Panel Members	Evaluation	N/A
Consolidated individual scores and preparation of technical evaluation reports	Procurement Officer	AD Director and Bid Evaluation Panel	CEO
Request a password to open financial bids submitted by email, only the companies who pass the minimum requirement (70%)	Procurement Officer		

▪ Open Financial Proposal (Confidential)	Procurement officer/ Panel Member		
▪ Comply the technical and Financial Proposal. Prepare the evaluation report with the memo recommendation to award contract	Procurement Officer	AD Director, CFO and Panel member	CEO
▪ Prepare the notification letter to successful and unsuccessful bidders	Procurement Officer	AD Director and CFO	N/A
▪ Negotiate & finalize draft contract	Panel Member or Negotiation Committee and Procurement Officer	AD Director and CFO	N/A
▪ Draft the contract	Procurement Officer	CFO, AD Director, Concerned Division Director	N/A
▪ Sign contract	Procurement Officer	CFO, AD Director, Concerned Division Director	CEO
▪ Obligation budget into the System	Procurement Assistant		N/A

▪ STEP 3: PUBLICATION OF CONTRACT AWARD¹²

Procurement Thresholds (US\$)	Responsibility by	Publication (Contract Award)
1-500	• Procurement Officer/ Procurement Assistant	No publication of successful bidders in the MRCS Website
501-10,000	• Procurement Officer/ Procurement Assistant	No publication of successful bidders in the MRCS Website
10,001-20,000	• Procurement Officer/ Procurement Assistant	No publication of successful bidders in the MRCS Website
20,000 above	• Prepared by Procurement Officer • Reviewed by AD Director and CFO • Posted on MRC website by the Office of CEO (OCEO)	- Publication of successful bidders in the MRCS Website within two weeks after contract signing. - Exclude MOU, WA, TOR for MCs and Direct Purchasing (waiver and single-source selection)

▪ STEP 4: SUPPLY CHAIN MANAGEMENT

This step of RFP is much more relevant to **Divisions** for managing the contracts which are based on the milestone and deliverables. Before processing any payments, all milestone and deliverable¹³ contracts are verified by concerning divisions.

¹² Refer to sub-section 8.1.10 and 9.19-Publication of the Award of Contract of procurement manual for the summarized table.

¹³ All milestone and deliverable verify by Divisions and the panel of assessment (if have), and the final payment attach with the performance evaluation for contractors, firms, and MCs.

▪ STEP 5: FIXED ASSET MANAGEMENT

Step 4 of RFP is much more relevant to **the Administration Team** for recording purchases of goods or works, using the asset management procedures specified in [Section 6.3.1.2 of the Administration Manual, page 79](#). When MRCS receives a new asset (goods or works), the asset should be tagged and recorded in the Fixed Assets System before giving to Divisions or MCs.

▪ STEP 6: PAYMENT

After completing the signed contracts (or recorded asset for goods) process, the Procurement team will forward the signed contracts to the concerning divisions for preparing the request for payment ([using the request for payment form: Annex 23 of the Procurement Manual or Annex 4 of the Finance Manual](#)). Therefore, the payment steps of RFP are much more relevant to concerning **Divisions and the Finance Team** for processing the payments to suppliers, service providers, and consultant firms.

2.3.2 REQUEST FOR QUOTATION (RFQ)

All procurement of the request for quotation (RF) also originates from divisions. The summarised processes of RFQ are as follows.

▪ STEP 1: STARTING PROCESS

Initial supporting Documents	PR Description (Goods/Works and Non-consultancy services)	PR Prepared by	PR Certified by	PR/PO Approved by (USD)
Purchase Requisition Form (PR)	Required Information as follows: - Description/item name - Minimum Specification - Budget (estimate cost) - Quantity - Date of requirement - Printing" Lay out or Artwork Size; Paper; and Blinding. General Description for Works/Non-consultancy services: - Bill of Quantity (BOQ) - Timeline - Budget(Estimate cost)	Divisions	CFO	- AD Director approved 1- 20,000 - CEO for > 20,000 and all direct purchase/ waiving

▪ STEP 2: PROCUREMENT PROCESS

Procurement Thresholds (USD)	Goods, works or non-consultancy services	Responsibility by	PR Certified by	PR/PO Approved by
Petty cash 1-500	with one quotation/invoice, and Purchase Requisition can be done by Divisions/Procurement Team	Procurement team or Divisions	- CFO - Divisions Director	AD Director
501-10,000, At least 3 quotations	- Shopping, collect at least 3 quotations for selection, it can be done by email or phone call - Prepared Note to file for approval - Issued Purchase Order (PO) for approval (using Form: Annex 18 of the Procurement Manual) - Received goods before handing over to IT, Fixed Asset Assistant and division (using Form: Annex 21 of the Procurement Manual)	Procurement Assistant	- Procurement Officer - CFO - Divisions Director	AD Director

	- Shopping: collect 3 quotations or more, it can be done <u>by email and by hand</u> - Prepared Evaluation Report (ER) for review and approval - Issued ER and PO for approval (using Forms: Annex 13 and Annex 18 of the Procurement Manual) Received goods before handing over to IT, Fixed Asset and division (using Form: Annex 21 of the Procurement Manual)	Procurement Assistant	- Procurement Officer - CFO - Divisions Director	AD Director
10,0001 above (Open Bid: Apply to Request for Quotations (RFQ) or public bidding)	- Drafted tender dossier, including minimum specification and term of condition for review - Shared the final version for review and clearance the tender dossier by CFO & AD Director - Launched the tender by invited potential vendors by email, advertised on MRC website, Facebook and local newspaper if applicable. - Invite tender advertisements are within 5-15 working days or any other extension as applicable.	Procurement Assistant	- IT- Officer (IT equipment only) - Procurement Officer - CFO - Divisions Director	a) Administration Director ≤USD20,000. b) CEO > USD20,000.
Collecting and Register bids and or quotations	Registry and collect bids and quotations by the Procurement Team before the bid opening session.	Procurement Assistant	Opening Panel members	NA
Bid Opening	- Prepared opening minutes and recorded all proposals, invited the panel to join the bid opening session 3-5 witness as panel members for RFQ only.	Procurement Assistant	NA	NA
Evaluation report	- Prepare evaluation report, including Technical Evaluation of bids for IT equipment and other equipment and shared to IT team and concerning Divisions for review and acceptance - Completed the Financial Evaluation Report (ER) for review and confirmation - Finalized the ER for review and clearance by CFO and AD Director - Final ER for signatures/approval	Procurement Assistant	- IT Officer (IT equipment only) - Procurement Officer - CFO - Division Directors	AD Director CEO
Purchase Order (PO) and Draft contracts	- Obligated budget into the System and issued PO (using Forms: Annex 18 of the Procurement Manual) <u>If applied as contract</u> - Drafted the contract for review and comments (using Forms: Annex 19 of the Procurement Manual) - Shared final draft for review and clearance by CFO & AD Director	Procurement Assistant	- Procurement Officer - CFO - Division Directors	AD Director CEO

▪ STEP 3: PUBLICATION OF CONTRACT AWARD

This step of the Request for Quotation (RFQ) is applied as the same as the step 3 of the Request for Proposal (RFP) which have mentioned in the previous Section 2.3.1.

▪ STEP 4: SUPPLY CHAIN MANAGEMENT

This step of RFQ is for delivering and receiving goods/works from suppliers, and service providers are based on PO or contract conditions. Before processing any payments, all deliverable goods/works must be verified by the Procurement team, IT team, and concerning divisions.

▪ STEP 5: FIXED ASSET MANAGEMENT

The step 5 of the Request for Quotation (RFQ) is applied as the same as the step 5 of the Request for Proposal (RFP).

▪ STEP 6: PAYMENT

After receiving and recording goods/ works as new fixed assets, the Procurement team will prepare the request for payment using the multi-fund sources (using the request for payment form: Annex 23 of the Procurement Manual or Annex 4 of the Finance Manual). However, if PO or contracts are charged only the single fund source, the procurement will forward all relevant documents to the concerned division to prepare the payment request. Then division could submit the request for payment to Finance team for processing payments.

2.3.3 MEMORANDUM OF UNDERSTANDING (MOU), TERM OF REFERENCE (TOR), AND WORK AGREEMENT (WA) WITH MEMBER COUNTRIES (MRCs)¹⁴

MOU/WAs/TOR with NMCs are kind of additional research, monitoring, or data collection in specific areas. These contracts under Special Agreement under Single Source Selection (Direct Purchasing) shall be applied based on the approval Multi Year Work Plan as well.

STEP 1: STARTING PROCESS

MOU, TOR, and WA with MCs	Responsibility by	Verified by	Approval by
Memo from Division includes: - Official Letter from MCs - Terms and Reference (TOR)¹⁵ - Technical Proposal and Financial Proposal¹⁵	Divisions	- AD Director - CFO	CEO

STEP 2: PROCUREMENT PROCESS

MOU, TOR, and WA with MCs	Responsibility by	Verified by	Approval by
Draft and Issue MOU, TOR and WA contracts	Procurement Officer	- Divisions - AD Director - CFO	CEO
Obligated budget into the system (MOU, TOR and WA duly signed by both parties)	Procurement Assistant	-	-
MOU, TOR and WA send to MCs for signature	Divisions	-	-

¹⁴ MOU, TOR and WA for Member Countries (MCs) is mentioned in the section 10 of the procurement manual, page 59-60.

¹⁵ Terms and Reference (TOR), Technical Proposal and Financial Proposal under Divisions responsibility.

STEP 3: PAYMENT

▪ Payment: Supporting documents - Request for payment from Divisions - Official letter from MCs - Payment Term: by bank transfer ▪ Deliverable and Report exception by Divisions¹⁶ ▪ Final payment: Attach Performance Evaluation Report ¹⁶	Divisions	Procurement Officer	a) Administration Director ≤USD20,000. b) CEO > USD20,000\$.
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2.4 PROCUREMENT TIMELINES ¹⁷

The time to accomplish each procurement task depends on the nature, complexity, value, and risk associated with the procurement package. The table below shows the summary of estimated durations for each procurement activity, and some of the durations serve as a guide only.

No.	Procurement Activity	Minimum Duration (Calendar Day)					
		Petty Cash	Shopping	Request for Quotation (RFQ)	Request for Proposal (RFP)	Direct Purchasing	MOU, TOR, and WA
1	Preparation of TOR/ Specification	Up to Division for submitting documents to Procurement team					
2	Prepare bidders	-	-	7	7	-	-
3	Invitation to bids (Announcement)	-	5	15	28	-	-
4	Evaluation of bids	-	5	10	10	-	-
5	Contract negotiations	-	-	10	10	-	-
6	Contract signing	7	5	10	10	7	7
Estimated duration for procurements		7 days	15 days	52 days	65 days	7 days	7 days

¹⁶ Deliverable and Performance Evaluation reports under MOU, TOR, WA for MCs are the responsibility of Divisions, or M&E, or Assessment Panel (if have).

¹⁷ Procurement Timeline is mentioned to the section 5.4 of the procurement manual, page 24.

SECTION 3: PROCUREMENT MANAGEMENT

3.1 CONTRACT MANAGEMENT

▪ Summarized Types of Contracts ¹⁸

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 third parties; and (c) the circumstances of MRCS and of third parties. At present, the most common types of contracts which are applied by MRCS are as follows:

No.	Type of contract	Define
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 supplier and firms are clearly defined. Under a lump-sum contract, MRCS 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).
2	Time-Based contracts (consultants)	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.
3	Retainer Fee Contract	In this type of contract, the Quantity and Cost Based Selection (QCBS) in which consultants are asked to quote a retainer fee or a success fee (or both), is generally recommended for the selection of suppliers or firms.

▪ Contract Performance ¹⁹

These main considerations determine the use of the following contract performances as shown below:

No.	Type of Procurement	Contract Performance	Note
1	Goods	- Procurement team will undertake the contract supervision and the administration for goods. - Procurement team and relevant divisions will monitor delivery schedules, processing of documents and the inspection of goods to ensure that the correct goods are delivered on time.	Any breach of contractual obligations by the service providers or contractors must be reported to the CFO and to the AD Director by Divisions and the procurement team during the implementation of contracts.
2	Works	- The use of supervising Engineers or Project Managers (relevant Divisions) for big contracts can mean that daily control and supervision of the contract is not undertaken by MRCS. - Divisions and the procurement team shall work with the engineers which are essential to ensure that necessary reports are submitted in time for management decisions. - 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.	After completing procurement processes, during the implementation of contracts, Divisions and the procurement team are responsible for reporting to CFO, Administration Director, and CEO if there is any failure by contractors in their contractual obligations.

¹⁸ Details of Types of contracts are described in the Procurement Manual, page 60-62.

¹⁹ Details of Contract performance are described in the Procurement Manual, page 72.

		• Requests for extensions of time, with or without additional costs, or for additional payment to the contractor must be resolved quickly and be subjected to the approval of the CEO. • Divisions are responsible for monitoring and assessing the performance of its own contracts, such as the quality of works, deliverables, and milestones to complete on time before processing payment requests to the procurement team to verify contract conditions and payment conditions.	
3	Service	• 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. • Relevant divisions are responsible for monitoring and assessing the performance of its own contracts, such as the quality of works, deliverables, and milestones to complete on time before processing payment requests to the procurement team to verify contract conditions and payment conditions.	Any breach of contractual obligations by the service providers or contractors must be reported to the CFO and to the AD Director by Divisions and the procurement team during the implementation of contracts.

▪ Contract Amendments ²⁰

Contract amendments may become necessary as a result of price variations, specified in the contract. This includes the resolution of disputes; added or reduced requirements by MRCS; agreements to extend the time schedule of the contract; and the increase or decrease of commodity prices permitted in the contract.

The amended contract value is within **15 % of the original contract value**. If the proposed amendment value **exceeds 15 % of the original contract/agreement value, a new tendering process will be necessary, unless the CEO agrees with the justification submitted by the Division for the contract amendment**. In addition, all amendments concerning costs, quantities, time periods and other terms and conditions of the contract must be approved by the CEO and confirmed in a formal contract as amendment or as a variation.

▪ Termination of contracts ²¹

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 for contract conditions and penalties relating to the termination of contracts. They shall also prepare the necessary correspondences in relation to the concerning termination of contracts and settlements of any contractual penalties. The CFO, AD Director and CEO must also be consulted.

▪ Records for procurement documents ²²

The documentary records (both in print and electronic format) must be **kept for a period of at least seven (7) years**. All documents regarding a particular procurement case must be kept for future reference. This includes four main categories: 1) correspondence, 2) bidding process, 3) order and delivery, and 4) finance.

²⁰ Details of contract amendments are described in the Procurement Manual, page 71.

²¹ Details of termination of contract are described in the Procurement Manual, page 78.

²² Details of records of procurement documents are described in Section 12.2 of the Procurement Manual, page 80.

3.2 PROCUREMENT COMPLAINTS

▪ Reporting of Complaints for MRCS Staff and Third Parties

MRCS staff and third parties who associate with the procurement processes are responsible for protecting the integrity, independence, and impartiality to avoid unethical practices. The channel of conduct report is shown in the summarized table below.

Complaints	Channel of Reporting	Do-Not-Engage list and Remedial Measures
By MRCS staff	Reporting of unethical conduct ²³ can be reported to his/her superior/Director of Division and to CEO (or both), or to internal and external auditors by providing sufficient proof of wrongdoing in the form of a duly signed letter, or by writing an anonymous email to the following address: hotlinemrcs@mrsmekong.org . The anonymous email will then be forwarded to the Director of Division.	Any unethical conduct by MRCS and NMCs staff will be considered an offence subject to disciplinary action as stipulated in the MRCS Personnel Manual. Note: If any staff use any abuse of power or unethical conduct in the procurement process, MRCS must apply the disputes resolution and grievance guidelines.
By third parties (supplier, supplier, contractor, bidders, firms, and service providers) ²⁴	Any report of wrongdoing by third parties must follow the Due Diligence and Exclusion framework , which is mentioned all steps in the sub-section 3.5 Right of Defense under the procurement manual, page 11.	Due Diligence is part of the appraisal process of procurement in deciding whether a consultant, bidder or contractor should be engaged or not by MRCS. The third parties must carefully check on the MRCS Exclusion Criteria ²³ before entering or applying any MRCS biddings. Whenever third parties are put on the "Do-Not-Engage-List," they are no longer eligible to be considered for future business opportunities for up to five (5) years. Note: In cases of false declarations in Section 1.4 of the Supplies Declaration Form , MRCS deserves the right to exclude third parties from the bidding.

▪ Resolution of disputes for third parties ²⁵

Most minor disputes may be resolved by sensible discussions and agreements between MRCS and suppliers or contractors 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 as to seek ways and means of addressing the complaints.

²³ Detailed Reporting of Unethical Conduct is described in the section 2.8 of the Procurement Manual, page 8.

²⁴ Detailed MRC Exclusion Criteria and Right of Defence are described in Section 3-Due Diligence of the Procurement Manual, page 9-11.

²⁵ Detailed Resolution of Disputes are described in Sub-section 11.15 of the Procurement Manual, page 75.