



# **RWANDA ENERGY GROUP**

## **PROCUREMENT PROCEDURES MANUAL**

**July 2016**

TABLE OF CONTENTS		
Ref	Section	Page No.
	Definition of terms	6
1	Introduction to the EUCL Procurement Manual	8
2	<b>Procurement Initiation and Planning</b>	19
2.1	Preparing a Procurement Requisition	21
2.2	Preparing specifications for Goods	24
2.3	Preparing Scope of Works, Technical Specifications and Bills of Quantities	28
2.4	Preparing Terms of Reference for Services	33
2.5	Selecting a Procurement Method	36
3	<b>Preparation of Procurement Documents and invitations</b>	49
3.1	Conducting Pre-qualification	49
3.2	Obtaining and Assessing Expressions of Interest	51
3.3	Preparing an Invitation to Bid Notice	53
3.4	Drafting a Bidding Document or Request for Quotation	56
4	<b>Bidding Process</b>	
4.1	Publishing an Invitation to Bid Notice	59
4.2	Issuing Invitation Documents	62
4.3	Managing Pre-bid Meetings and Site Visits	65
4.4	Handling Bidder Clarifications, Modifications and Extensions	68
4.5	Receiving Bids	71

4.6	Opening Bids	73
5	<b>Evaluation process</b>	
5.1	Evaluation Procedures for Goods, Works and other Services	82
5.2	General Evaluation Procedures for Consultancy Services	91
5.3	Conducting a Post-Qualification	108
5.4	Conducting Negotiations	110
5.5	Cancelling Procurement Proceedings	114
6	<b>Contract Award</b>	
6.1	Issuing a Notification of Contract Award	117
6.2	Preparing and Issuing a Contract Document	120
6.3	Preparing and Issuing a Purchase Order	123
6.4	Contract Award and Debriefing Unsuccessful Bidders	125
6.5	Administrative Review	128
7	<b>Contract Administration, Management and Completion</b>	
7.1	Administering a Contract	131
7.2	Amending a Contract	138
7.3	Completing a Contract	140
7.4	Terminating a Contract	142
8	<b>Disposal</b>	
8.1	Disposal of Assets	145
9	<b>Records Management</b>	
9.1	Records management	150

**LIST OF ABBREVIATIONS**

BOQ	: Bills of Quantities
CEO	: Chief Executive Officer
CFO	: Chief finance Officer
CQS	: Consultants Qualification selection
DDP	: Delivery Duty Paid
Dept.	: Department
Dr.	: Doctor
EOI	: Expression of Interest
EUCL	: Energy Utility Corporation Limited
EDCL	: Energy Development Corporation Limited
FBS	: Fixed Budget Selection
GRN	: Goods Received Note
HPU	: Head Procurement Unit
IC	: Individual Consultant
ICB	: International Competitive Bidders
ITC	: Internal Tender Committee
LC	: Letter Of Credit
LCS	: Least Cost Selection
LTU	: Legal Transaction Unit
M	: Million
MD	: Managing Director
NCB	: National Competitive Bidding
PU	: Procurement Unit
QCBS	: Quality Cost Based Selection

REG LTD	: Rwanda Energy Group Limited
RFP	: Request for Proposal
RPPA	: Rwanda Public Procurement Authority
RWF	: Rwandan Francs
SSS	: Single Source Selection
TOR	: Terms of Reference
VAT	: Value Added Taxes

### Definition of Terms

**Award** - Decision by EUCL tender committee or any other EUCL TEAM to which a Tender Committee may delegate powers to recommend the successful bidder.

**Bid** - It refers to what is prepared and submitted by bidders as an offer or proposal.

**Bid Notice** - Advertisement by which eligible providers are invited to submit written offers to provide or acquire works, services and supplies, or any combination of them in case of procurement and disposal respectively.

**Bid period** - Period between the date of publication of the invitation to bid and the closing date for the submission of bids.

**Bid Security** - Guarantee by a bank or other relevant institution as shall be specified in the bidding document to allow the prospective bidder to participate in bidding.

**Bid validity period** - Period of time subsequent to the bids opening for which the bid price and the conditions of the bid are not subject to any change by the bidder.

**Bidder** - Bidder or a physical or juridical person intending to participate or participating in EUCL's procurement proceeding.

**Bidding/Bidding documents** - Means documents/ what is prepared by EUCL and given/sold to bidders containing the legal, technical and financial requirements to help them in submitting their bids.

**Board of Directors;** Board of directors of the EUCL

**Consultant** - Individual or a firm contracted by EUCL to carry out consultancy services.

**Consultant Services** - Refers to activities of an intellectual or of immaterial nature.

**Contract** - Means an agreement, memorandum of understanding, letters of intent, guarantees, and any other similar or analogous documents to which EUCL is a party.

**Contract management** - Management of a contract including, but not limited to, performance and compliance with the terms and conditions of the awarded contract by the provider and EUCL.

**Day;** Working day of the week (7.00 am to 5.00 pm) except Saturday, Sunday and public holidays.

**Emergency;** Means circumstances, which are urgent and unforeseeable and not caused by dilatory conduct.

**End users** - Includes all departments/units within EUCL.

**Framework Contract** - Contractual arrangement which allows EUCL to procure works, services or supplies that are needed continuously or repeatedly at an agreed price over a period of time, through the placement of a number of orders.

**Goods or supplies** - Means objects of every kind and description including raw materials, products, and equipment be it in solid, liquid or gaseous form, electricity, as well as services that are linked to the supply of the goods if the value of those services does not exceed that of the goods themselves.

**Tender Committee** - Committee that is responsible for opening, evaluation and recommending the award of the contract.

**Lowest bid** lowest price offered for a given contract;

**Lowest-evaluated cost bid** - Bid which is determined to be the most technically and economically responsive after evaluating all terms and conditions of the bid;

**Non-stock items** - Means procurements which are acquired for specific purposes or projects;

**Offer means** quotation;

**Performance security** - Guarantee issued by a bank or any other financial institution established to guarantee the procuring entity that in case the contract is not performed, be it technically or at the level of deadlines, the procuring entity would receive the amount provided for such a guarantee;

**Pre-qualification** - examination process designed to ensure that invitations to bid are confined to capable providers;

**Prequalified providers** - Means providers registered by EUCL.

**Procurement** - Process of acquiring goods, works, consultancy services and other related services such as transportation, insurance, installation, training, maintenance, and other similar services required for the implementation of a project.

**Procurement process** - Successive stages in the procurement cycle including planning, choice of procedure, measures to solicit offers from bidders, receipt and opening of bids, evaluation, award of contract and contract management.

**Proposal** - Means an offer made by a consultant in response to a request for consultancy services addressed to it by EUCL on the basis of appropriate terms of reference.

**Provider** - Natural person or an incorporated body including a consultant, contractor or supplier licensed by a competent authority to undertake business activities;

**Quotation** Means an offer made by a provider (supplier) in response to a request for goods/supplies addressed to it by EUCL based on specifications.

**Record** - Document relating to any stage of a procurement or disposal process

**Services** - Object of procurement, other than works and supplies and shall include both professional and non-professional and commercial types of services as well as services which are incidental to such services but not exceeding the value of such services.

**Specification** - Description of an object of procurement or disposal in accordance with national and international standards or other appropriate trade associations and professions.

**Statement of Requirements** - Document that contains a full and complete description of the requirement that is the subject of the procurement.

**Stock items** Means goods/supplies directly or frequently used by many corporate units.

**Supplier or contractor** - Potential party or the party to a procurement contract with EUCL

**Bid** - Means offer and the terms and conditions to provide goods, services and works based on a response to the statements of requirements and specifications given by provider to EUCL in response to a specific request;

**Bidder** - Provider who has submitted a bid/bid or is in the process of putting one together;

**Terms of Reference** - Document prepared by EUCL defining the requirements for an assignment and means to be made available, concerns to be taken into account as well as the expected results;

**Works** - Includes any work associated with the construction, reconstruction, demolition, repair, or renovation of a building or structure, on the surface or underground, and includes the preparation,

excavation, erection, assembly, installation; testing and commissioning of any plant, equipment or materials, decoration and finishing, and shall include turnkey projects, build own and operate projects, build operate and transfer projects or any arrangement following in this nature, or any other form of private-public partnerships or joint development activities, all or any of which may also include management, maintenance, testing, commissioning and training; as well as services incidental to the foregoing works where the value of such incidental works does not exceed the value such works



## **Background**

In the framework of allocating efficiently its resources, the REG Ltd Board of Directors meeting, in its session dated 27<sup>th</sup> July 2016 has approved this Procurement Manual.

Fundamentally, procurement relies on the principle of transparency, fairness, Competition, value for money, efficiency and accountability as a foundation for sound Procurement practices

The use of this Manual aims at defining ways of acquiring goods, work and services that are of higher quality and at the best prices. Its objectives is to use more transparency in The process of procurement of goods, work and services in REG Ltd

The Manual is benchmarked on the National Procurement Guidelines and to the best practices in the international commercial industry.

## Introduction

The procedures contained in this procedures manual are intended to provide straight forward, but detailed guidance on the procedures to be followed when conducting procurement using internal, public, and developmental partner funds. They are designed to be simple to use and understand, by breaking the overall procurement process down into a series of individual procedures and breaking each procedure down into step-by-step procedures.

## Policy statement

All staff members shall comply with the following general principles:

- 1 Procurement of goods, works, consultancy services and other services shall be undertaken using an appropriate procurement method as stipulated in this manual, other principals and in accordance with the law;
- 2 They shall uphold the principles of Economy, Fairness, Accountability, Equity, Efficiency and Transparency in the procurement and disposal processes.

## Policy objectives

The procurement procedures contained in this manual are intended to:

- 1 Provide working procedures which are consistent with the REG/EUCL/EDCL procurement user manual;
- 2 Promote efficiency, economy and the attainment of value for money in the use of public and developmental partner funds under the custody of REG/EUCL/EDCL;
- 3 Promote transparency and accountability in the procurement processes handled by REG/EUCL/EDCL;
- 4 Provide uniform procedures for application by all REG/EUCL/EDCL departments; and
- 5 Provide standard procedures, against which procurement activities of REG/EUCL/EDCL can be monitored.

## Reference Documents

- *Law on Public Procurement Law n°12/2007 of 27/03/2007;*
- *Law N°05/2013 of 13/02/2013: Law modifying and completing the Law n°12/2007 of 27/03/2007 on Public Procurement;*
- *Ministerial Order N° 001/14/10/TC .OF.19/02/2014, Establishing Regulations on Public Procurement, Standard Bidding Documents and Standard Contracts;*
- *Development Partners Guidelines;*

*REG procurement user manual as amended to date.*

**Responsibility**

- 1 *Board of Directors*
- 2 *Chief Executive Officer*
- 3 *Managing Director*
- 4 *Directors*
- 5 *Heads of User Units*
- 6 *Tender Committees*
- 7 *Head of the Procurement unit*
- 8 *Evaluation teams*
- 9 *Negotiation committee*
- 10 *Post qualification committee*
- 11 *Independent Review Committee*
- 12 *All procurement staff*

## ABOUT THIS MANUAL

### A. Application of the Manual

This manual shall apply to all procurement transactions carried out by REG/EUCL/EDCL using internally generated funds and where applicable, Development Partner funds.

Where donor funded procurement is required to follow the procurement rules of the donor or funding agency, those rules will prevail over the procedures in this manual to the extent that there is no conflict. However, the procedures in this manual will continue to apply in all areas where they are consistent with the rules of the donor. Where any approval or “no objection” is required from a donor or funding agency, the Managing Director’s approval, and any other applicable approvals specified in this manual, shall be obtained, prior to obtaining donor approval.

### B. Scope of the Manual

The procedures contained in this manual cover the whole procurement cycle from initiation through to contract completion. They provide guidance on all methods of procurement and on the procurement of goods, works, consultancy services and other services. The manual also includes procedures for disposal of REG/EUCL/EDCL assets.

### C. Legal Basis

This manual is based on the REG/EUCL/EDCL procurement user manual approved by the board on 08 September 2014, the Ministerial order N° 001/08/10/Min of 16/01/2008, no001/14/10/TC of 19/02/2014-Ministerial Order establishing regulations on Public Procurement, Standard Bidding Documents and Standard Contracts and Law no; 05/2013 of 13/02/2013 modifying and completing the law no: 12/2007 of 27/03/2007 on public procurement. It is also based on international best practices on procurement.

### D. Distribution of the Manual

This manual is to be distributed to all management and staff involved in REG/EUCL/EDCL procurement transactions.

### E. Review and update of Manual

This section of the procedures manual is subject to continuous upgrading to cater for changes in the operating business environment; the changes in the REG/EUCL/EDCL needs, administrative structures and operations; and the adoption of new improved procedures and practices.

### F. Ethical Code of Conduct

REG/EUCL/EDCL shall always conduct all its procurement operations in an ethical and just manner.

Based on the nature of the responsibilities associated with procurement decision making, or personnel who would be in a position to influence a solicitation and award selection process, it is imperative that these individuals exercise higher standards of ethical conduct in the procurement process to avoid any perception of impropriety. The ethical code of conduct shall be based on the an elaborated REG code of conduct

### **G. Reporting Hierarchy**

Both the procurement unit and the internal tender Committee shall report to the Chief Budget Manager. The Chief Budget Manager shall be the Managing Director of either company (EUCL/EDCL) and the Chief Executive Officer of Rwanda Energy Group if the activities fall under the REG Holding budget line.

### **H. Key Committees in the Manual**

#### **1. Internal Tender committee**

EUCL/EDCL shall have the duty to set up a tender Committee referred to as the Internal Tender Committee (ITC). Members of the committee shall be appointed by the Managing Director based on the integrity, Technical expertise, gender, and experience among others. All tenders of REG holding shall be handled by EUCL Internal Tender Committee.

#### **Composition of ITC**

The EUCL/EDCL Internal Tender Committees shall be comprised of seven (7) members appointed by the MD in consultation with Head of Procurement Unit for a term of not more than three (3) years (renewable only once). Not more than half (1/2) of the members shall be in the ITC for two consecutive terms of office apart from the head of Procurement who is a permanent member. The Head of Procurement Unit shall always be the secretary of the Committee. However, any other procurement staff can be appointed to the Internal Tender Committee.

The following people shall not be appointed as members of the ITC: MD, Directors of Departments, Logistics and administration staff, Finance Unit staff, Internal Audit Unit staff and Legal Unit staff.

#### **Functions and duties of Tender committee**

Functions and duties of EUCL/EDCL Tender Committee shall be the following:

- i. Reviewing and providing advice on bidding documents before their publication/advertisement.
- ii. Opening the bids through a delegated team composed of at least 3 people, from procurement unit and the nominated representatives of the end user department, including at least one member of the ITC. Delegation shall be done by the chairman of the ITC in consultation of the head of transaction Advisory and Procurement.

Where necessary, the MD can add more members to the evaluation team to support EUCL/EDCL in the evaluation of bids.

- iii. Cross-examine bids evaluation reports made by the nominated and delegated evaluation team;
- iv. Making award recommendations for all tenders above 10,000,000 Rwf and 300,000 Rwf (whichever is applicable) for final approval;
- v. To provide recommendations on all issues relating to Procurement tenders
- vi. To approve / recommend any amendment to be carried out on the procurement contract.

#### **Meeting of the Internal Tender committee**

The Internal Tender Committee is chaired by the Chairperson or the Vice Chairperson in case the chairperson is not available. The ITC should seat at least once a week.

#### **Invitation for the Internal Tender committee**

The invitation for the meeting is prepared and sent the by the secretary through email and any other appropriate means/method to all the members. It has to clearly specify the venue, the agenda, and the time for the meeting.

#### **Quorum of Internal Tender committee**

The quorum shall be two thirds (2/3) of the total number of members. No delegation of powers is allowed by a member of the ITC.

#### **Decision Making of Internal Tender committee**

The decisions of the tender committee are made by consensus. In case the consensus is not reached the decision supported by the majority shall prevail.

#### **Minutes of the Internal Tender committee**

The minutes of the ITC meeting are comprised with the following:

- The agenda, the date and the venue
- The items or tenders that have been evaluated and/or discussed
- The recommendations made

The minutes shall be part of the supporting document for any procurement approval where necessary.

#### **Hiring of expert to assist Internal Tender committee**

EUCL/EDCL may hire consultants to assist in the evaluation of bids or at any procurement process step especially when the scope of the bid or contract requires particular expertise not available in the company. However the ITC shall be accountable of the recommendations made, and in no way shall the ITC be bound to accept the recommendations of the hired consultant.

**Allowances for Internal Tender committee members**

EUCL/EDCL Tender Committee members shall be entitled to a monthly allowance of one hundred thousand Rwanda Francs (100,000 Rwf) net of taxes which can be increased by the decision of REG Board of Directors

**2. Evaluation Team**

All evaluations shall be conducted by an Evaluation Team which shall report to the Internal Tender Committee.

The number of members of the Evaluation Team shall depend on the value and complexity of the procurement, but shall in all cases be comprised of at least three (3) members nominated by the head of Procurement management Unit in consultation with the head of corporate services and shall be approved by the Internal Tender Committee.

**Functions of the Evaluation Team**

Functions and duties of EUCL/EDCL Tender Committee shall be the following:

- i. Conduct bid opening unless otherwise decided by the Internal Tender Committee.
- ii. Evaluation of bids/proposals and preparation of evaluation report in accordance with the EUCL/EDCL Procurement Manual
- iii. Submission of a signed evaluation report with recommendation to Internal Tender Committee regarding the award of contracts
- iv. Conduct negotiation (where applicable) unless otherwise decided by the Internal Tender Committee

**3. Due Diligence process:**

Before awarding the tender, EUCLREG/EUCL/EDCL shall need a due diligence report done and compiled by the delegated evaluation team/ITC or any other person formally delegated/appointed by the MD, specifying at least in the previous performance track record by the main company or affiliated companies in Rwanda and elsewhere, ownership, background information, technical and financial capabilities, members of the board and etc, before issuance of the notification.

**4. Negotiation Committee**

Where applicable, negotiations shall be conducted by the Negotiation Committee which shall report to the Internal Tender Committee. The Negotiation Committee shall be the Evaluation Team unless otherwise decided by the Internal Tender Committee. The number of members of the Negotiation Committee shall depend on the value and complexity of the procurement, but shall in all cases be comprised of at least three (3) members. Negotiation Committee shall discuss and finalise certain details of a contract with the successful bidder, prior to contract placement. Negotiations should lead to a contract which is acceptable to both parties and therefore reduce the likelihood of disputes or the need for contract amendments.

**5. Independent review committee**

An Independent Review Committee shall be appointed on an Ad hoc basis by the MD and Board of Directors. Their responsibilities shall be to analyse the appeals of the dissatisfied bidders or Consultants and make recommendations to the MD and Board of Directors respectively

**Functions of the Independent Review Committee**

- i. Study of appeal submitted by a dissatisfied party.
- ii. Conduction of special investigations
- iii. Preparation and submission of the review reports
- iv. Consulting support to the MD and the Internal Tender Committee to facilitate them in reaching the correct decision

**I. Structure of the Manual**

This section is structured around key stages of the procurement process and the relevant sections are presented as in the diagram below. The MD shall get a status report on every step of the procurement process. The procurement unit and the ITC shall therefore report and be answerable to the Managing Director who is the Chief Budget Manager on every procurement proceeding.



<p><b>Planning and Initiation</b></p>	<p align="center"><b><u>Section 2 of the Manual</u></b></p> <ul style="list-style-type: none"> <li>• Procurement Planning</li> <li>• Requisitioning</li> <li>• Description of Requirements</li> <li>• Selection of a Procurement method</li> </ul>
<p><b>Preparation of Procurement Documents and Invitations</b></p>	<p align="center"><b><u>Section 3 of the Manual</u></b></p> <ul style="list-style-type: none"> <li>• Pre-qualification</li> <li>• Expression of Interest</li> <li>• preparation of Invitation Notice</li> <li>• Preparation of Bid document</li> </ul>
<p><b>Bidding Process</b></p>	<p align="center"><b><u>Section 4 of the Manual</u></b></p> <ul style="list-style-type: none"> <li>• Publication of Notices</li> <li>• Issue of Documents</li> <li>• Pre-Bid Meetings and Site Visits</li> <li>• Responding to Bidder Clarifications</li> <li>• Bid Receipt</li> <li>• Bid Opening</li> </ul>
<p><b>Evaluation Process</b></p>	<p align="center"><b><u>Section 5 of the Manual</u></b></p> <ul style="list-style-type: none"> <li>• Evaluation for good non- consultancy services and works</li> <li>• Evaluation for consultancy services</li> <li>• Post-qualification and due diligence process</li> <li>• Negotiation</li> <li>• Cancellation of Procurement Proceedings</li> </ul>
<p><b>Contract Award Process</b></p>	<p align="center"><b><u>Section 6 of the Manual</u></b></p> <ul style="list-style-type: none"> <li>• Provisional Notifications;</li> <li>• Contract Documents and Purchase Orders</li> <li>• Contract Award Notices/ Publication</li> <li>• Debriefing Unsuccessful Bidders /Consultants</li> <li>• Administrative Review</li> </ul>
<p><b>Contract Administration, Management and Completion</b></p>	<p align="center"><b><u>Section 7 of the Manual</u></b></p> <ul style="list-style-type: none"> <li>• Contract Administration</li> <li>• Contract Amendments</li> <li>• Contract Completion</li> <li>• Contract Termination</li> </ul>
<p><b>Disposal</b></p>	<p align="center"><b><u>Section 8 of the Manual</u></b></p> <ul style="list-style-type: none"> <li>• Compilation of a list of Items for Disposal, Valuation of Assets and Disposal of Assets</li> </ul>
<p><b>Record Management</b></p>	<p align="center"><b><u>Section 9 of the Manual</u></b></p> <ul style="list-style-type: none"> <li>• Records management</li> </ul>

**Manual Usage and Format****A: How to use the manual**

The procurement process has been broken down into small steps, with each individual procedure providing the guideline for a different step in the process. This section is grouped into seven main sections, 2 to 9, which correspond to the steps of the procurement process shown in the procurement process section above. Staff involved in procurement shall therefore refer to the appropriate manual section, depending on the stage reached in the procurement process.

As the procurement process differs for each method and type of procurement, a different combination of procedures will apply to each.

**B: Format of the Manual**

Each section follows a standard format, to make it easier for all staff to find and follow the required information. Each section contains the following information:

**Policy Statement:** To assist staff in understanding where the procedure fits within the overall procurement process; Details on which methods and types of procurement it applies to, to ensure that the correct procedures are used;

**Policy Objectives:** To assist staff in understanding the importance of following the specified procedure and the reasons for the rules which apply;

**Documents:** References to the relevant procurement laws, to enable staff to quickly find the relevant parts of the legislation; as well as other key documents necessary for that particular section;

**Responsibility:** A statement of the staff involved, to make it clear who is responsible for each step in the procurement process and to assist with resource planning;

**Procedure:**

- i. A step-by-step procedure to break the overall procedure down into a series of small steps, which shall be easier to follow;
- ii. A list of the documents and/or records required for each procedure and the information to be included in each, to assist procurement staff in maintaining the required records;
- iii. A statement of the next step in the overall procurement process, to assist staff in managing the overall procurement process.

**Key Control Processes:** Details of the approvals required, to ensure that the appropriate approvals are obtained at the appropriate time.

## Procurement and Disposal Policies and Procedures

### Procurement Initiation and Planning

2

#### Policy statement

All staff shall comply with the following guidelines;

- 1 Consolidation of planned spending for specific items shall ensure reduced procurement transaction costs, minimize delivery times, and improve customer service levels internally and externally.

#### Policy Objectives

The User Department shall plan all its procurement in a rational manner and in particular shall:-

- 1 Avoid emergency procurement ;
- 2 Aggregate its requirements, to obtain value for money and reduce procurement costs;
- 3 Make use of framework contracts to provide an efficient, cost effective and flexible means to procure services, supplies or works that are required continuously or repeatedly over a set period of time; and
- 4 Avoid splitting or fragmenting of procurement requirements.

#### Reference Documents

- 1 *REG/EUCL/EDCL Action plan*
- 2 *REG/EUCL/EDCL Budget*
- 3 *This procurement Manual*
- 4 *REG/EUCL/EDCL Procurement user manual*
- 5 *REG/EUCL/EDCL Consolidated procurement plan*

#### Responsibility

- 1 *Board of Directors*
- 2 *MD*
- 3 *Heads of Departments/Units*
- 4 *Head of Procurement Unit*

#### Procedures

- 1 The procurement unit shall be responsible for preparing and consolidating the REG/EUCL/EDCL Annual procurement plan. It shall obtain the departmental work plans that contain the various activities to be carried out by the department;

## Procurement and Disposal Policies and Procedures

### Procurement Initiation and Planning

2

- 2 Compile the various goods, works, consultancy services and other services that will be required by the user department;
- 3 Obtain estimates of the compilation in step 2;
- 4 Indicate in which period during the financial year the particular goods, works, consultancy services or other services will be obtained;
- 5 Indicate the source of funding for the items required;
- 6 Send the departmental procurement plans to the respective heads for their verification;
- 7 Consolidation of the departmental procurement plans prior to commencement of a new financial year and approval by the MD - (*see guidance note 1 below for details*).

#### Guidance Note 1 – procurement plan

- i. User departments shall send approved departmental procurement plans to the procurement unit by 30<sup>th</sup> March of the fiscal year
- ii. Every fiscal year REG/EUCL/EDCL shall prepare a procurement plan for all tenders to be processed during a specific fiscal year, approved by the directors, consolidated into a master procurement plan and submitted to the Managing Director for approval before submitting the final plan to CEO/REG office and the Board of Directors for final approval before the start of the financial year. The procurement plan may be revised/updated twice (2) a year. The revised/updated procurement plan shall not require the approval of the Board of Directors.
- iii. All unplanned tenders or procurement processes shall require approval from the MD before their execution with recommendations for inclusion in the revised procurement plan

#### Documents Required:

- 1 A copy of the consolidated and approved procurement plan shall be distributed to all the departments of REG/EUCL/EDCL.

#### Next Steps:

- 1 The head of procurement shall consolidate the respective procurement plans into a master procurement plan and shall be responsible for the presenting the master procurement plan to the senior management for their approval.
- 2 Initiate the procurement process for the items in the procurement plan by completing the procurement requisition form and the description of requirements.

#### Key Control Processes

- 1 The individual departmental procurement plans shall be approved by the Head of Departments.
- 2 The consolidated master procurement plan shall be approved by the REG/EUCL/EDCL senior management and the Board of Directors.

## Procurement and Disposal Policies and Procedures

### Preparing a Procurement Requisition

2.1

#### Policy statement

All staff shall ensure that proper requisition documentation is obtained before proceeding with the procurement process

#### Policy objective

A requisition must be raised to start any procurement process. It serves a number of purposes, including:

- 1 Documenting the goods, works or services required;
- 2 Confirming the availability of funding, based on the estimated value of the procurement requirement;
- 3 Confirming that goods cannot be obtained from stores, where appropriate' and;
- 4 Documenting the approval to proceed with the procurement.

#### Document

- 1 *REG/EUCL/EDCL procurement user manual*
- 2 *Procurement Requisition form*

#### Responsibility

- 1 *Managing Director*
- 2 *User Department*
- 3 *Head of Procurement*
- 4 *Procurement Manager*
- 5 *Procurement specialists*

#### Procedure

User Department is responsible for preparing a system based procurement requisition (system based where applicable) and obtaining all necessary approvals.

- 1 The procurement process will start with the identification of a need for goods, works or services;
- 2 For goods (stockable items), the user department shall check whether the items are available in the REG/EUCL/EDCL stores. If the goods are available in the stores, then it is not necessary to raise a procurement requisition. A Stores Requisition shall be raised

## Procurement and Disposal Policies and Procedures

### Preparing a Procurement Requisition

2.1

instead. Where stockable items are out of stock, proceed with the preparation of the procurement requisition.

- 3 List the goods, works consultancy services and other services required on a requisition form. Where a long list has already been prepared, such as for spare parts, this may be attached to the requisition, with summary specification description on the form.
- 4 Prepare an initial description of requirements
- 5 Estimate the value of the goods, works or services. The estimate may be based on recent, similar contracts, market research or an estimate by a technical specialist, such as an engineer for construction contracts. Seek assistance from the Procurement Unit, where required;
- 6 Obtain approval to proceed with the procurement, through respective system head approvals (where applicable) or the signature of the respective heads (*see guidance note 1 below for the information to include*).
- 7 Obtain confirmation of the availability of funding for the requirement, through the system approval process (where applicable) or through the signature of the authorized official (Chief Financial Officer) on the requisition form;
- 8 Finalize the description of requirements, as far as possible and attach it to the requisition form;
- 9 Send the requisition to the Procurement Unit for processing;
- 10 The Procurement Unit will check the requisition and description of the requirements and discuss any clarifications or changes required with the User.

#### **Guidance Note 1 – Thresholds for requisition approval**

- i. The requisition tendering process of the activity that is not in the approved procurement plan shall require obtaining an approval from the Chief Budget Manager (Managing Director).
- ii. For Projects using Development Partners' funds, any purchase estimated to cost 10 million Rwf or below, shall be approved by the project coordinator following specific procurement guidelines of the funding agency.
- iii. Where there is a conflict between this manual and the guidelines of the Development Partners, their (Development Partners) procurement guidelines shall prevail.

#### **Documents/Records Required:**

- 1 A requisition must be completed and passed to the Procurement Unit, who will open a procurement file for the requirement. The User Department shall also keep a copy of the requisition for its own records. The requisition form must include:
  - i. The name of the User Department raising the requisition and the contact name for queries;

## Procurement and Disposal Policies and Procedures

### Preparing a Procurement Requisition

2.1

- ii. A list of the goods, works or services required, including technical specifications, quantities and units of measure;
- iii. The estimated unit and total value for each item;
- iv. The location for delivery or performance of the goods, works or services;
- v. The date or dates for delivery, completion or performance of the goods, works or services;
- vi. Confirmation of availability of funding;
- vii. Confirmation that the items were not available from stores, where appropriate; and
- viii. Approval to proceed with the procurement.

A detailed description of requirements shall be attached to the requisition form. The procurement Unit will allocate a procurement reference number to each procurement requirement.

#### Next Steps:

- 1 Prepare a description of requirements to accompany the requisition.

#### Key control processes

- 2 The requisition form must be approved by the appropriate heads:
- 3 Confirmation of the need for the goods, works or services listed on the requisition form and approval to proceed with the procurement process for those items shall be approved by the respective Head of department/ directorate and;
- 4 The overall the requisition form shall be approved by the MD and project coordinators (for developmental partner funds) depending on the thresholds.

## Procurement and Disposal Policies and Procedures

### Preparing specifications for Goods

2.2

#### Policy statement

The description of technical specifications shall be fully prepared at the stage of preparing a procurement requisition.

#### Policy objectives

The specifications document is a key document, which is used throughout the procurement process. It is used to:

- 1 Inform the Procurement Unit and Tender Committee what the User Department needs to procure;
- 2 Inform bidders of REG/EUCL/EDCL requirements through inclusion in the bidding document;
- 3 Provide the technical standard against which bids are evaluated;
- 4 Form part of the contract, defining the goods to be supplied; and
- 5 Set the technical standard against which the goods supplied can be inspected prior to acceptance.

#### Documents

- 1 *REG/EUCL/EDCL procurement User Guide manual*
- 2 *Procurement Requisition Form*
- 3 *Specifications*

#### Responsibility

- 1 *The specifications for goods shall be prepared by the respective User Department, which shall obtain additional technical advice if required. The user Department shall consult the Procurement Unit on the procurement rules which apply to the specifications.*

#### Procedures

- 1 Start with a general or summary specification e.g. a Heavy Duty Laser Printer;
- 2 Prepare a complete list of the items required – (*see guidance note 1 below for the information to include*).
- 3 Consider the purpose the goods are being purchased for and any special requirements e.g. network printer to be used by different offices;
- 4 Prepare a specification for each item required – (*see guidance note 2 below for further details.*)



## Procurement and Disposal Policies and Procedures

### Preparing specifications for Goods

2.2

- 5 Prepare the required delivery schedule – (*see guidance note 3 below for further details.*)
- 6 A requisition is raised by the end user/ beneficiary department
- 7 The requisition is signed by the head of department or directorate in approval of the specifications within the approved procurement plan and budget estimate
- 8 The requisition is forwarded by user department to finance directorate (Chief Finance Officer) to verify the availability of funds and the budget line before being submitted to the MD for approval. This applies only to unplanned tenders.
- 9 The approved requisitions together with the description of requirements are then forwarded to Procurement unit to initiate the procurement process, this applies for planed tenders

#### Guidance Note 1 – List of Goods

- 1 The list of goods shall briefly describe each of the goods that the User Department requires and specify the quantities of each. Consideration shall be given to including any spare parts or consumable items required, either by specifying the items required or requesting the spares or consumables normally required for a specified period of operation, such as one year. The list of goods shall also describe any incidental works or services required, such as installation and commissioning, preparation of the site for installation or user training.
- 2 Each item shall be numbered sequentially on the list for reference purposes. Along with the quantity, the unit of measure must also be specified e.g. kilograms, litres, reams, pieces etc.

#### Guidance Note 2 – Specifications

- 1 The specifications shall define the technical characteristics and quality standards of the goods required by the User Department. Well prepared specifications will facilitate the preparation of bids by bidders and the evaluation of bids.
- 2 Where required, the User Department shall seek technical advice from other REG/EUCL/EDCL staff or government bodies or external specialists/consultants in preparing specifications.
- 3 The detailed specifications shall cover the fundamental needs of REG/EUCL/EDCL in respect of the goods concerned. A specification shall contain a complete, precise and unambiguous description of the supplies required and shall include, where appropriate:
  - i. A clear definition of the scope of the proposed purchase;
  - ii. The purpose and objectives of the proposed purchase;
  - iii. A full description of the requirement;
  - iv. A generic specification to an appropriate level of detail;

## Procurement and Disposal Policies and Procedures

### Preparing specifications for Goods

2.2

- v. A functional description of the qualities, including any environmental or safety features required of the subject of the procurement;
  - vi. Performance parameters, including outputs, timescales, and any indicators or criteria by which the satisfactory performance of the specification can be judged;
  - vii. Process and materials descriptions;
  - viii. Dimensions, symbols, terminology, language, packaging, marking and labeling requirements; and
  - ix. Any other relevant industry standard.
- 4 In circumstances where an item cannot easily be described, use of samples shall be acceptable. In such cases, all the potential suppliers shall be availed a uniform opportunity to examine the sample before submitting their offers.
- 5 No specification shall be issued with reference to a particular trademark, brand name, patent, design, type, specific origin, producer, manufacturer, catalogue or numbered item, except where, for compatibility purposes or, the purchase has to be made from the previous vendor. (For example, in the case of procurement of compatible spare parts).

#### Guidance Note 3 – Delivery Schedule

The delivery schedule shall specify the delivery period and place for each of the goods. Where any related works or services are included, the delivery schedule shall also state the completion period and the site. In preparing the delivery schedule, the following guidance shall be taken into account:

- a) The delivery and completion periods shall be realistic. Unrealistically short delivery or completion expectations may result in restricted competition or may prompt complaints from prospective bidders;
- b) The delivery and completion periods are best expressed as a number of days, weeks or months from the date of contract award, as precise dates cannot be determined until the contract has been placed.
- c) The delivery period shall take into account whether the procurement is of standard, readily available goods or goods which are likely to be manufactured to order.
- d) Where appropriate, different delivery periods shall be given for different items or the total requirement shall be split into several batches, with phased deliveries.
- e) The delivery period shall take into account whether the goods are likely to be available in Rwanda or require importing. Where the goods are likely to be sourced internationally, the location of the goods and likely transport times shall be considered.
- f) When the description of requirements is included in a bidding document, the Procurement Unit shall check that the delivery period specified takes into account the Incoterm specified for delivery.

## Procurement and Disposal Policies and Procedures

### Preparing specifications for Goods

2.2

#### Documents/Records Required

- 1 A copy of the specifications shall be attached to the requisition form, which shall be kept on the procurement file. The User Department shall retain a copy of the requisition and description of requirements for their own reference.

#### Next Steps

- 1 The User Department shall send the complete Procurement Requisition to the Procurement Unit.
- 2 The Procurement Unit shall then proceed to apply the procurement method as stipulated in the procurement plan.

#### Key control processes

- 1 The Head of the respective Department or directorate shall confirm their approval of the specifications by appending their signatures on the specifications document.

## Procurement and Disposal Policies and Procedures

### Preparing Requirements (SOW, TS and BOQ)

2.3

#### Policy Statement

The scope of work (SoW) or Bills of Quantities (BoQs) shall be fully prepared at the stage of preparing a procurement requisition.

#### Policy Objectives

The SoW or BOQs is a key document, which is used throughout the procurement process. It is used to:

- 1 Inform the Procurement Unit and Tender Committee what the User Department needs to procure;
- 2 Inform bidders of REG/EUCL/EDCL's requirements through inclusion in the bidding document;
- 3 Provide the technical standard, and for some requirements the estimated quantities against which bids are evaluated;
- 4 Form part of the contract, defining the works to be performed and the technical standard against which the works can be inspected prior to acceptance;
- 5 Provide for some type of contracts, the rates and estimated quantities against which actual work is measured for payment purposes.

#### Documents

- 1 *Requisition form*
- 2 *description of requirements*
- 3 *Drawings for works*
- 4 *Specification for works*
- 5 *Bills of quantities*
- 6 *Activity schedule*
- 7 *Completion schedule*

#### Responsibility

- 1 *The SoW or BOQs for works shall be prepared by an Engineer with appropriate technical qualifications and experience. Where the User Department does not have an appropriate member of staff, external technical advice shall be sought. The User Department shall consult the Procurement Unit, if necessary, on the procurement rules which apply to the SoW or BOQs.*

## Procurement and Disposal Policies and Procedures

### Preparing Requirements (SOW, TS and BOQ)

2.3

#### Procedures

This guideline provides the procedure for preparing SoW or BoQs for the procurement of works, including any incidental goods or services required.

The guideline is based on works which are fully designed by REG/EUCL/EDCL, prior to inviting bids, where the contractor will be responsible for construction only. Alternative specialist advice shall be sought for the preparation of a description of requirements for design and build or turnkey contracts. The procedures involved are as follows;

- 1 Start with a general or summary SoW or BOQs e.g. Renovation of Washrooms on 2nd Floor. This will then be developed into a design brief for the engineer.
- 2 Prepare the drawings and specifications for the works – (see guidance notes 1 and 2 below for details).
- 3 Prepare a bill of quantity and activity schedule – (see guidance note 3 and 4 for details)
- 4 Prepare the required completion schedule – (see guidance note 5 below for details).
- 5 Prepare an overall scope of works, which will form the first part of the description of requirements - (see guidance note 6 below for details).
- 6 The requisition is signed by the head of department or directorate in approval of the specifications and then sent for final approval to the head of corporate services and the MD
- 7 Send the description of requirements, along with the procurement requisition, to the Procurement Unit.

#### Guidance Note 1 – Drawings for Works

Technical drawings are required to define the works required by REG/EUCL/EDCL. The construction drawings, even if not fully developed, must show sufficient detail to enable bidders to understand the type and complexity of the work involved and to price their bids. In addition to the construction drawings, a simplified map showing the location of the Site in relation to the local geography is vital.

#### Guidance Note 2 – Technical Specifications for Works

A set of precise and clear specifications is a prerequisite for bidders to respond realistically and competitively to REG/EUCL/EDCL's requirements without qualifying or conditioning their bids. Specifications must be drafted to permit the widest possible competition and, at the same time, present a clear statement of the required standards of workmanship, materials, and performance of the related goods and services to be procured. Only if this is done will the objectives of economy, efficiency, and fairness in procurement be realized, responsiveness of bids be ensured, and the subsequent task of evaluation be facilitated. The specifications shall require that all goods and materials to be incorporated in the Works be new, unused, of the most recent or current models, and incorporate all recent improvements in design and materials unless provided otherwise in the Contract.

## Procurement and Disposal Policies and Procedures

### Preparing Requirements (SOW, TS and BOQ)

2.3

Care must be taken in drafting specifications to ensure that they are not restrictive. In the specification of standards for goods, materials, and workmanship, recognized international standards shall be used as much as possible. Where national, or other, standards are used, the specifications shall state that goods, materials, and workmanship that meet other authoritative standards, and which ensure substantially equal or higher quality than the standards mentioned, will also be acceptable.

In case of spare parts, additions, maintenance of existing systems, engines or any product upgrade, trouble shooting, testing, analysis, REG/EUCL/EDCL shall use brand names.

#### Guidance Note 3 – Bills of Quantities

A bill of quantities shall be prepared for inclusion in the bidding document, where the requirement is to be contracted as a unit price contract – for lump sum contracts, see guidance note 4 below. Bidders are then required to price the bill of quantities in their bids and the priced bill of quantities becomes part of the contract. Payment is then made using the rates in the priced bill of quantities, but based on the quantity of work actually performed, which is measured on a regular basis.

Therefore, the objectives of the bill of quantities are:

To provide sufficient information on the quantities of Works to be performed to enable bids to be prepared efficiently and accurately; and

- 1 To provide a priced bill of quantities for use in the periodic valuation of Works executed, once a Contract has been entered into.

In order to attain these objectives, Works shall be itemized in the bill of quantities in sufficient detail to distinguish between the different classes of Works, or between Works of the same nature carried out in different locations or in other circumstances which may give rise to different considerations of cost.

#### Guidance Note 4 – Activity Schedule

An activity schedule shall be prepared for inclusion in the bidding document, where the requirement is to be contracted as a lump sum contract – for a unit price contracts, see guidance note 3 above. Bidders are required to bid a lump sum price, based on the activity schedule and the successful bidder's bid price becomes the contract price. The actual work performed will not be re-measured for payment purposes, as under an admeasurement contract, so the breakdown of price on the activity schedule is only used for contract variations.

Therefore, the objective of the activity schedule is to provide a breakdown of the activities and their associated cost that form the Works to be paid on a lump sum basis. The breakdown is intended to be used:

- i. As the basis for certifying interim payment to the contractor; and
- ii. To assist in valuing any ordered variations.

## Procurement and Disposal Policies and Procedures

### Preparing Requirements (SOW, TS and BOQ)

2.3

The works shall be broken down by consideration of the nature of each activity and if applicable by the location. REG/EUCL/EDCL will have to determine the degree to which the Works need to be broken down by consideration of the complexity of the Works and the stated time for completion. Schedules can be provided for each different discrete element of the works. If the works require plant and equipment to be provided, separate schedules for the supply only of the plant and equipment shall be provided.

#### Guidance Note 5 – Completion Schedule

The completion schedule shall specify the completion period and site for each part of the works. In preparing the completion schedule, the following guidance shall be taken into account:

- i. The completion periods shall be realistic. Unrealistically short completion periods may result in restricted competition or may prompt complaints from prospective bidders.
- ii. The completion periods are best expressed as a number of days, weeks or months from the date of contract award, as precise dates cannot be determined until the contract has been placed.

#### Guidance Note 6 – Scope of Works

The scope of works shall provide:

- i. A description of the works;
- ii. Approximate quantities of major items;
- iii. A background narrative to the work required; and
- iv. The objectives of the works required.

The scope of works will form the first part of the description of requirements. This will normally be prepared last, once approximate quantities etc. are known

#### Documents/Records Required

- 1 A copy of the SoW or BOQs must be attached to the requisition form, which shall be kept on the procurement file. The User Department shall retain a copy of the requisition and description of requirements for their own reference.

#### Next Steps

- 1 The User Department shall send the complete Procurement Requisition to the Procurement Unit after getting the approval from the MD.
- 2 The Procurement Unit shall then proceed to apply the procurement method as stipulated in the procurement plan.
- 3 The Procurement Unit shall then proceed to conduct the bidding process.

## **Procurement and Disposal Policies and Procedures**

### **Preparing Requirements (SOW, TS and BOQ)**

2.3

#### **Key Control Processes**

- 1 The head of the respective departments and directorates shall confirm their approval of the SoW or BOQs by appending their signatures on the SoW or BOQs document.



## Procurement and Disposal Policies and Procedures

### Policy Statement

The description of the Terms of Reference (ToR) shall be fully prepared at the stage of preparing the procurement requisition.

### Policy Objectives

This guideline provides the procedure for preparing a description of requirements for the procurement of services, both other services and consultancy, including any incidental goods or works required.

The Terms of Reference is a key document, which is used throughout the procurement process. It is used to:

- 1 Inform the Procurement Unit and Tender Committee about what the User Department needs to purchase;
- 2 Inform bidders of REG/EUCL/EDCL's requirements through inclusion in the bidding or request for proposals document;
- 3 Provide the terms of reference against which bids or proposals are evaluated;
- 4 Form part of the contract, defining the services to be supplied, and
- 5 Set the technical standard and/or deliverables against which the services performed can be judged, prior to acceptance.

### Documents

- 1 *Procurement Requisition Form*
- 2 *Terms of Reference*

### Responsibility

- 1 *The ToR for services shall be prepared by the User Department, which shall obtain additional technical advice if required. The user Department shall consult the Procurement Unit, if necessary, on the procurement rules which apply to the ToR. It is important that the ultimate recipient or manager of the services is involved in drafting or checking the terms of reference, as it must reflect the requirements of the intended contract.*

### Procedures

- 1 Start with a general or summary description of the requirement e.g. preparation of financial policies and procedures;
- 2 Prepare detailed ToR for the services – (see guidance notes 1 and 2 below for the information to include for other and consultancy services respectively).

## Procurement and Disposal Policies and Procedures

### Preparing Terms of Reference for Services

2.4

- 3 Send the description of requirements, along with the requisition, to the Procurement Unit.

#### Guidance Note 1 – ToR for Other Services

The ToR shall provide sufficient information to enable bidders to understand the services required by REG/EUCL/EDCL and shall be complete, precise and clear. Well-prepared terms of reference will facilitate the preparation of bids by bidders and the evaluation of bids by REG/EUCL/EDCL.

The precise contents of the ToR will be determined by the individual assignment, but shall include the following details, where applicable:

- 1 The purpose/objective of the assignment and what it is expected to achieve;
- 2 A description of the scope of the services required;
- 3 The location or locations for performance of the services e.g. specify the address, where services are to be performed on REG/EUCL/EDCL's premises;
- 4 The role, qualifications and experience of any key staff required, such as supervisors;
- 5 The duration of the contract or expected completion date;
- 6 The hours of work or hours when the supplier will have access to the site;
- 7 An estimate of the amount or value of work involved, where the scope of the services cannot be precisely defined e.g. repair and maintenance services for generators for a one-year period;
- 8 Any facilities, services or resources to be provided by REG/EUCL/EDCL;
- 9 Any particular equipment to be provided by the supplier e.g. spare parts;
- 10 Any required performance targets or response times e.g. routine repairs must be completed within 3 days;
- 11 Arrangements for reporting to REG/EUCL/EDCL, including lines of communication and the contact point for management and administration of the assignment;
- 12 Any other details or requirements relevant to the assignment.

#### Guidance Note 2 – ToR for Consultancy Services

The ToR shall provide sufficient information to enable bidders to understand the services required by REG/EUCL/EDCL. They shall be complete, precise and clear, but shall not be over-prescriptive, where the success of an assignment is largely dependent on the skills and experience of the consultants. Well prepared ToR will facilitate will facilitate the preparation of proposals by bidders and the evaluation of proposals by REG/EUCL/EDCL.

The precise contents of the terms of reference will be determined by the individual assignment, but shall include the following details, where applicable.

## Procurement and Disposal Policies and Procedures

### Preparing Terms of Reference for Services

2.4

- 1 The background to the assignment, including details of any larger project which the assignment will be part of;
- 2 The objectives of the assignment and what it is expected to achieve;
- 3 A description of the scope of the services required;
- 4 The specific deliverables required, such as study reports and recommendations, software, databases, bidding documents, drawings, specifications, maps, software, training materials etc and the dates by when they are required;
- 5 Requirements for the transfer of knowledge or training programs;
- 6 The role, qualifications and experience of any key staff required;
- 7 The period of the assignment and expected completion dates;
- 8 Any facilities, services or resources to be provided by REG/EUCL/EDCL, including any counterpart staff;
- 9 Arrangements for reporting to REG/EUCL/EDCL, including lines of communication and the contact point for management and administration of the assignment;
- 10 A schedule of any reports required, including inception, progress and final reports;
- 11 Any other details or requirements relevant to the assignment.

#### Documents/Records Required

- 1 A copy of the ToR must be attached to the procurement requisition form, which shall be kept on the procurement file. The User Department shall retain a copy of the requisition and ToR for their own reference.

#### Next Steps

- 1 The User Department shall send the complete Procurement Requisition approved by the MD to the Procurement Unit.
- 2 The Procurement Unit shall then proceed to select the appropriate procurement method and conduct the bidding process.

#### Key Control Processes

- 1 The heads of the respective department or directorate shall confirm their approval by appending their signatures on the ToR document.

## Procurement and Disposal Policies and Procedures

### Selecting a Procurement Method

2.5

#### Policy Statement

All staff members shall comply with the following general principles:

- 1 An appropriate procurement method shall be identified for any given procurement.
- 2 There shall be transparency, fairness, non-discrimination and competition in all procurement activities of REG/EUCL/EDCL

#### Policy Objectives

- 1 Selecting the appropriate procurement method for a given situation is necessary to enable REG/EUCL/EDCL attract the right bidders and carryout fair evaluation of the bids.

#### Documents

- 1 *REG/EUCL/EDCL procurement user manual*

#### Responsibility

- 1 *The Procurement Unit has overall responsibility for providing guidance and selecting the appropriate procurement method.*

#### Procedures

- 1 REG/EUCL/EDCL shall use the procurement methods specified in the procurement laws and regulations– (*see guidance note 1 for details*)
- 2 The choice of a procurement method shall be on the basis of-
  - i. the estimated value of the requirement – (*see guidance note 2 for details*); or
  - ii. the circumstances pertaining to the requirement - (*see guidance note 3 for details*).
- 3 The estimated value of the requirement shall be the main criterion for determining the choice of procurement method and in accordance with the thresholds. The circumstances pertaining to the requirement to procure may be used as additional criteria in determining the choice of procurement method.
- 4 According to the selected procurement method, time line for advertisement shall be as followed - (*see guidance note 3 for details*);

#### Guidance Note 1 –Procurement Methods to use

##### 1. Open Competitive Bidding method

Open National Competitive Bidding (NCB) is a procurement method which is open to participation on equal terms by all providers through advertisement of the procurement opportunity in the national widely read newspapers. Open domestic bidding shall be used to

## Procurement and Disposal Policies and Procedures

### Selecting a Procurement Method

2.5

obtain maximum possible competition and value for money. Nothing shall prevent a foreign or international bidder from participating in open National Competitive bidding

Open international Competitive bidding (ICB) is the procurement method which is open to participation on equal terms by all providers, through advertisement of the procurement opportunity in the international newspapers, magazines and journals and which specifically seeks to attract foreign providers. Open international competitive bidding is used to obtain the maximum possible competition and value for money, where national providers may not necessarily make this achievable.

The procurement of Goods/works/services above 50 million Rwf shall be carried out in accordance with open competitive bidding. However, according to the nature and conditions of the tender, REG/EUCL/EDCL may have recourse to other procurement methods in accordance with the provisions of this Manual.

#### **2. Restricted tendering method**

Restricted national bidding is the procurement method where bids are obtained by direct invitation without open advertisement. Restricted national bidding is used to obtain competition and value for money to the extent possible, where the value or circumstances do not justify or permit the open bidding procedure. Restricted tendering refers to a method where only bidders appearing in the Invitation to Bid (ITB) letter are required to submit their offers

Restricted international bidding is the procurement procedure where bids are obtained by direct invitation without open advertisement and the invited bidders include foreign providers. Restricted international bidding shall be used to obtain competition and value for money to the extent possible where the value or circumstances do not justify or permit an open bidding method and the short listed bidders include foreign providers.

The list of firms to which ITB letters shall be sent to shall be between three (3) to six (6) bidders and shall be approved by ITC.

Bidders technically pre-qualified shall be directly invited to submit their bids without publication of a tender notice.

REG/EUCL/EDCL Ltd may proceed to use the restricted tendering method in the following conditions:

- For procurement of items available only from a limited number of suppliers or service providers;
- If the time and cost required to examine and evaluate a large number of bids would be disproportionate to the value of products;
- If the goods/works/services are of highly complex or specialized nature.

#### **3. Request for quotations**

The quotation method is a simplified procurement method which compares price quotations obtained from a number of providers.

## Procurement and Disposal Policies and Procedures

### Selecting a Procurement Method

2.5

The quotation method shall be used to obtain competition and value for money to the extent possible, where the value or circumstances do not justify or permit open or restricted bidding procedures. The quotation method shall be used in works and supplies.

REG/EUCL/EDCL may resort to request for quotations for the procurement of goods, services or works readily available on the market and have standard specifications. REG/EUCL/EDCL may resort to request for quotations for the procurement of goods, services or construction works if;

- i. The goods, works, or services required have not been captured in the existing annual framework contracts and yet they are urgently required for smooth REG/EUCL/EDCL operations.
- ii. There is an unexpected event or circumstance that has arisen in REG/EUCL/EDCL and may require immediate intervention
- iii. The needed products are out of stock.
- iv. The delivery schedule for the supplies of the contracted companies is taking longer than expected and yet the products of those contracts are urgently required by the REG/EUCL/EDCL operations.

The threshold for a request for quotation of works, goods, and services shall be 50mRwf and below. However, such cases shall be minimized as much as possible not to exceed three times per month for daily administrative operations, and four times for technical operational activities that have direct impact on the REG/EUCL/EDCL service delivery, and must have reasonable justifications from the end users followed by all the necessary approvals.

#### 4. Single-source procurement

REG/EUCL/EDCL may procure works, goods or services by soliciting a bid, proposal or a price quotation from a single qualified bidder. Single source procurement method shall as much as possible be discouraged, but it may be used in such circumstances as listed below:

- i. Supplies(spare parts, accessories) that are subject to an industrial property, that is protected by patent rights;
- ii. The use and/or utilization of supplies that are conditioned by the specificity or technical compatibility of equipment available in the REG/EUCL/EDCL;
- iii. Hiring office buildings, warehouses and leasing of specialized equipment subject to prior approval of senior management. A team composed of 3 people shall be appointed by the MD to handle such cases and report to the tender committee for approval.
- iv. In case of proven deficiency (failure) of the successful bidder, the nature of emergency of procurement may require to do so;
- v. Specific purchases or contracts which are urgently required to have immediate impact on improving the quality care and the physical environment of company to meet the public's expectations and with direct approval of Senior Management
- vi. Used for additional works, goods and services not exceeding 20% of the initial tender/contract value when they cannot be technically separated from the initial tender. The additional works, goods and services shall be subject to an additional contract.

## Procurement and Disposal Policies and Procedures

### Selecting a Procurement Method

2.5

- vii. Purchases from a sole manufacturer or Authorized Dealer of the manufacturers for supply, installation and maintenance;
- viii. Where there is a local manufacturer for specialized materials and equipment that meets REG/EUCL/EDCL requirements and standards.
- ix. In case of spare parts, additions, maintenance of existing systems, engines or any product upgrade, trouble shooting, testing, analysis, REG/EUCL/EDCL shall use single source
- x. In situations of Natural /Political Disasters/hazards may include the following;
  - Unforeseen circumstances.
  - Special interventions that affect the national security/REG operations justified by an approved internal memo;
  - Emergencies due to natural hazards
- xi. In the use of funds from electricity projects for third party clients of EUCL/EDCL who have paid for their projects that have short implementation period and with direct approval of senior management.

For any single source procurement below shall seek for approvals as follow:

- Above 10,000,000 Frw but not exceeding One Hundred Million Rwandan Francs ( 100,000,000 Frw), approval shall be sought from EUCL/EDCL Senior Management;
- From Frw 100,000,001to 500,000,000 Frw approval shall be sought from the REG Executive Committee (CEO and MDs);

Above 500,000,001 Frw approval shall be sought from the REG Board of Directors. However, in case of emergencies above 500,000,000 Frw that directly affects electricity/energy supply, REG Executive Committee can decide to take an immediate action(s) and inform the REG Board. However, the user department shall always make a justification note for single source to be approved by Executive Committee mentioned above, and in this note, user department shall indicate why such company should be selected for that tender, and also technical reasons shall be provided. EUCL/EDCL ITC shall then meet to make its recommendation after getting the written approval from the REG Executive Committee (CEO & MDs).

### 5. Force Account

Specific Procurement activities (e.g. supply of civil works materials, construction works, casual manpower, electricity connections, etc..) may be carried out by using REG/EUCL/EDCL staff or other specialized organs and using REG/EUCL/EDCL equipment or other public equipment. This method shall be used where:

- i. Quantities of work involved cannot be defined in advance;
- ii. Works are small and scattered or in remote locations for which qualified construction firms are unlikely to bid at reasonable price;

## Procurement and Disposal Policies and Procedures

### Selecting a Procurement Method

2.5

- iii. Work is required to be carried out without disrupting electricity, administration and routine operations;
- iv. There are emergencies needing prompt attention;
- v. REG/EUCL/EDCL is to complete works delayed by the contractor after the written warnings did not yield any tangible results.

#### 6. Community Participation

The beneficiary community may participate in delivery of services through provision of kind services such as labour, local materials etc. Community participation shall be used for Community Based Projects. This shall be carried out by an award of a procurement contract to the beneficiary community by REG/EUCL/EDCL and a contract shall be signed between the two parties specifying the obligations of each party. The contract shall not exceed 50m Rwf. The value of the contract may exceed this threshold if the contract is for making terraces, anti-erosion trenches or planting trees. In such cases, REG/EUCL/EDCL can hire an expert, to support the community in the activities.

This method shall be used if it is established that, it will contribute to the economy, create employment and involvement of the beneficiary community.

#### 7. Direct Purchasing/Procurement

Direct purchasing is a procurement method through which REG/EUCL/EDCL shall obtain the required goods, services, or works from a single provider without necessarily going through competition.

This method shall be used to obtain value for money to the extent possible, where the value or circumstances do not justify or permit open or restricted bidding procedures.

REG/EUCL/EDCL may resort to direct purchasing for the procurement of goods, services or construction works readily available on the market and have standard specifications. REG/EUCL/EDCL may resort to direct purchasing for the procurement of goods, services or construction works if;

- v. The goods, works, or services required have not been captured in the existing annual framework contracts and yet they are urgently required for smooth REG/EUCL/EDCL operations.
- vi. There is an unexpected event or circumstance that has arisen in the REG/EUCL/EDCL and may require immediate intervention
- vii. The needed products are out of stock and Readily available on the Local Market
- viii. The delivery schedule for the supplies of the contracted companies is taking longer than expected and yet the products of those contracts are urgently required by the REG/EUCL/EDCL operations.
- ix. Urgent and unplanned needs of REG/EUCL/EDCL operations



## Procurement and Disposal Policies and Procedures

### Selecting a Procurement Method

2.5

The threshold for the direct purchasing method of works, goods, and services shall be Ten Million Rwanda Francs (Frw 10,000,000 ) for only technical operations and Three Hundred Thousand (300,000 Frw) for daily administrative and routine operations.

However, for cases of technical operations, direct purchasing shall not exceed three (3) times per year for technical operational activities that have direct impact on the REG/EUCL/EDCL service delivery, and must have reasonable justifications from the end users followed by all the necessary approvals. When it exceeds three (3) times per year, direct purchasing shall be subjected to REG Executive Committee approval.

#### 8. Procurement of Hotels services

REG Ltd may issue purchase order without competition to the hotel of any category for accommodation, hosting/events, workshops and meetings and other related services.

The selection of Hotel shall depend on the level of the meeting, location, number of participants, availability of venue.

#### Selection Methods for Consultancy Services

##### Guidance Note 1

REG/EUCL/EDCL shall, in order to select the Consultant, use one of the following procedures:

- Quality Cost Based Selection – QCBS (Method of Default)
- Expression of interest and Short listing

REG/EUCL/EDCL shall call for expressions of interest by publishing a notice in a national and international newspaper of wide circulation or professional journal in order to establish a short list of bidders. However, tenders whose value does not exceed One Hundred Million (100,000,000 Frw) Rwandan Francs shall be awarded without calling for expression of interest.

##### Guidance Note 2 – Selection Methods for Circumstances Pertaining Other Consultant Selection Methods.

METHOD	USED
Quality Based Selection (QBS)	<ul style="list-style-type: none"> <li>▪ for complex or highly specialized assignments where precision of ToR is difficult</li> <li>▪ where the procuring entity expects consultants to demonstrate innovation in their proposals</li> <li>▪ Assignments that can be carried out in substantially different ways, such that proposals will not be comparable.</li> <li>▪ Assignment that have high downstream impact and in which the objective is to have the best expertise.</li> </ul>
Least Cost Selection (LCS)	Assignments of a standard or routine nature where there are well established practices exist e.g. audits, recruitment and non-complex works where well established standards exist.
Fixed Budget Selection	<ul style="list-style-type: none"> <li>▪ when assignment is simple and can be precisely</li> </ul>

## Procurement and Disposal Policies and Procedures

### Selecting a Procurement Method

2.5

METHOD	USED
(FBS)	<p>defined</p> <ul style="list-style-type: none"> <li>▪ when budget is fixed</li> </ul>
<p>Consultants Qualification Selection (CQS)</p>	<p>For small assignments for which the need for preparing and evaluating competitive proposals is not justified. This method applies to small assignments for which the cost of a full-fledged selection process would not be justified. Under CQS, the Client first requests expressions of interest and qualified information relating to the experience and competence of the consultants relevant to the assignment. The Client evaluates the information, establishes a short list, and then selects the firm with the best qualifications and references among those who confirm to be willing to submit a proposal if selected. The selected firm is sent the RFP (including the TOR), asked to submit technical and financial proposals, and invited to negotiate the contract if the technical proposal proves acceptable.</p> <p>The CQS method can substantially reduce the process cost for the borrower and the consultants, as well as the time needed to hire a consultant. This selection method is particularly suitable when the past qualifications and experience of the consultant are crucial to the choice while the technical proposal itself is not likely to reveal much additional or decisive information on the suitability of the consultant for the proposed assignment.</p> <p>CQS may be considered for assignments such as the following:</p> <ol style="list-style-type: none"> <li>i. Evaluation studies at critical decision points in the project cycle (review of alternative solutions with large downstream effects)</li> <li>ii. Executive assessments of strategies and programs</li> <li>iii. High level, short-term, expert advice</li> <li>iv. Participation in project review panels</li> </ol>

## Procurement and Disposal Policies and Procedures

### Selecting a Procurement Method

2.5

METHOD	USED
Single Source Selection (SSS)	<ul style="list-style-type: none"> <li>▪ For tasks that represent a natural continuation of previous work carried out by the Consultant, If the initial assignment was awarded on a competitive basis</li> <li>▪ in emergency (force majeure) cases, such as in response to a disaster and for consulting services required during the period of time immediately following the emergency</li> <li>▪ When only one consultant is qualified or has experience of exceptional worth for the assignment.</li> </ul>
INDIVIDUAL CONSULTANT (IC)	<ul style="list-style-type: none"> <li>▪ when teams of personnel are not required</li> <li>▪ No additional outside professional support is required</li> <li>▪ when experience and qualifications of the individual are the paramount requirement</li> <li>▪ advertisement for seeking expression of interest is encouraged by the client, however the client may collect CVs from resource persons but not less than three(3).</li> </ul>

### Circumstances Pertaining to the Requirement

#### 1. Emergency Situations

An emergency situation shall constitute circumstances that may determine the choice of selection method, regardless of the estimated value of the requirement. An emergency situation shall include circumstances which are urgent, unforeseeable or a situation not caused by dilatory conduct where:

- i. The country is seriously threatened by or actually confronted with a disaster, catastrophe, war or an act of God;
- ii. life or the quality of life or environment may be seriously compromised;
- iii. The conditions or quality of goods, equipment, buildings or publicly owned capital goods may seriously deteriorate unless action is urgently and necessarily taken to maintain them in their actual value or usefulness; or
- iv. An investment project is seriously delayed for want of minor items.

A recommendation to use an emergency situation as the criterion for determining the choice of a procurement method shall include a comprehensive justification for its use and shall state the reasons giving rise to the emergency situation. Where an emergency situation is used as a criterion for determining the choice of a procurement method, competition shall not automatically be excluded from the procurement proceeding solely on the basis of the

## Procurement and Disposal Policies and Procedures

### Selecting a Procurement Method

2.5

emergency situation. REG/EUCL/EDCL shall obtain maximum competition to the extent practicable in the procurement under an emergency situation.

#### Guidance Note 2 – Thresholds for Determining Procurement Methods to use

The selection of an appropriate procurement method shall be guided by the thresholds as provided below:

Procurement Method	Situation under which the method shall be used	Threshold (RWF)
Open Competitive Bidding	<ul style="list-style-type: none"> <li>For both national and international Competitive Bidding</li> <li>Shall be the method of procurement by default/preferred method</li> <li>For the rest, refer to the conditions for using required method under key note .....</li> </ul>	Above 50 Million
Simplified method	A simplified method may be used where the conditions for using Open Competitive Methods cannot be met and preparation of bids is easy and technical specifications are not complex. The number of days between tender publication and the deadline for submission of bids is reduced but in any case not less than eight (8) working days for national open competitive bidding.	Not more than 200,000,000Million
Restricted Bidding	<ul style="list-style-type: none"> <li>For procurement of items available only from a limited number of suppliers or service providers;</li> <li>If the time and cost required to examine and evaluate a large number of</li> </ul>	Value above 50 Million

## Procurement and Disposal Policies and Procedures

### Selecting a Procurement Method

2.5

	<p>bids would be disproportionate to the value of products</p> <ul style="list-style-type: none"> <li>• The rest refer to the conditions for using required method under key note 1</li> </ul>	
Request for Quotation or Proposal	<ul style="list-style-type: none"> <li>• when goods/services are readily available on the local market</li> <li>• when the goods/services are of the standard specification</li> <li>• The rest refer to the conditions for using required method under key note 1</li> </ul>	10,000,001 Frw to 50 Million
Single sourcing	<p>REG/EUCL/EDCL may engage in single source procurements :-</p> <ul style="list-style-type: none"> <li>• Used for additional works, goods and services not exceeding 30% of the initial tender/contract value when they cannot be technically separated from the initial tender. The additional work, goods and services shall be subject to an additional contract;</li> <li>• Supplies are subject to an industrial property, that is protected by patent rights;</li> <li>• The use and/or utilization of supplies are conditioned by the specificity or technical compatibility of equipment available in the REG/EUCL/EDCL;</li> <li>• Hiring office warehouses</li> </ul>	No threshold imposed

## Procurement and Disposal Policies and Procedures

### Selecting a Procurement Method

2.5

	<p>and leasing of specialized equipment subject to prior approval of senior management;</p> <ul style="list-style-type: none"> <li>• In case of proven deficiency (failure) of the successful bidder, the nature of emergency of procurement requires to do so;</li> <li>• Specific purchases or contracts which are urgently required to have immediate impact on improving the quality care and the physical environment of the company to meet the public's expectations and with direct approval of Senior Management.</li> <li>• The supplier or a service provider has competitive advantage for the continuity of services given his prior involvement in existing REG/EUCL/EDCL Ltd equipment and services with direct approval of Senior Management</li> <li>• Situations natural disasters</li> <li>• Unforeseen circumstances such as Cabinet Decisions, National Retreats.</li> <li>• The procurement requirements concerning special interventions that affect the national security</li> <li>• The rest refer to the</li> </ul>	
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## Procurement and Disposal Policies and Procedures

### Selecting a Procurement Method

2.5

	conditions for using required method under key note 1	
Direct Purchasing	<ul style="list-style-type: none"> <li>• Goods/services/works and below of the small amount</li> <li>• Readily available on the Local Market</li> <li>• Urgent and unplanned need</li> <li>• The rest refer to the conditions for using required method under key note 1</li> </ul>	1 to 10,000,000 Rwf
Community Participation	<ul style="list-style-type: none"> <li>• It will contribute to the economy,</li> <li>• Create employment and involvement of the beneficiary community</li> <li>• The rest refer to the conditions for using required method under key note 1</li> </ul>	Value not exceeding 50m Rwf

### Guidance Note 3 - Time line for advertisement per procurement method

Procurement Method	No of days
Request for Expression of Interest – National	Min 7
Request for Expression of Interest – International	Min 14
Request for Proposals - National	Min 21
Request for Proposals - International	30-45
International Competitive Bidding (ICB)	30-45
National Competitive Bidding (NCB)	Min 21
Simplified method	Min 8
Restricted Tendering (International)	Min 14
Restricted Tendering (National)	Min 7
Request for Quotation	Min 3

## **Procurement and Disposal Policies and Procedures**

### **Selecting a Procurement Method**

2.5

However, the timeline for advertisement or submission of offers may be reduced or increased depending on the availability of bidders and the urgency of the required goods, works or services with prior approval of the ITC. Such approval shall be supported by reasonable justification.

#### **Key Control Processes**

- 1 The Managing director shall approve the method of procurement before proceeding with the procurement process.



## Procurement and Disposal Policies and Procedures

### Conducting Pre-qualification

3.1

#### Policy Statement

All staff members shall comply with the following general principle:

- 1 There shall be transparency, competition, fairness, and non-discrimination in the prequalification process to ensure the best service providers are selected.

#### Policy Objectives

Pre-qualification is used to identify bidders who have adequate capabilities, resources and experience to perform a contract, prior to the invitation and submission of detailed bids. This can be beneficial for high value or complex procurement, as:

- 1 The preparation of detailed bids can be costly and this may discourage competition if bidders feel that they are competing against a large number of bidders;
- 2 The evaluation of a large number of detailed bids can require excessive time and resource from REG/EUCL/EDCL;
- 3 The service providers' capabilities, resources and experience may be key to the successful performance of the contract and therefore bidding shall be limited to qualified bidders.

Pre-qualification for a group of similar contracts can be beneficial, as it avoids the need for repeated pre-qualification procedures and also allows a bidder to be pre-qualified up to a certain value or size of contract or contracts.

#### Documents

- 1 *Approved prequalification document*
- 2 *Invitation to pre-qualify notice*

#### Responsibility

- 1 *The procurement unit shall manage the pre-qualification process, consulting with the User Department or other technical specialist, on drafting the pre-qualification criteria. Advice shall also be sought, where required, on the application of the criteria.*
- 2 *The tender committee (or as otherwise delegated) shall be responsible for evaluating all prequalification applications received.*
- 3 *The tender committee shall be responsible for approval of the prequalification list*

#### Procedure

The pre-qualification process is effectively a mini bidding process, involving the invitation, receipt and evaluation of applications to pre-qualify. This manual therefore makes reference to the relevant procedures for general guidance on the various steps in the "bidding" process.

## Procurement and Disposal Policies and Procedures

### Conducting Pre-qualification

3.1

- 1 Use an appropriate standard pre-qualification document.
- 2 Draft a pre-qualification document for the requirement, completing the data sheet, the qualification criteria and a description of the type of goods, works, consultancy services or services to which the pre-qualification applies.
- 3 Draft an invitation to pre-qualify notice.
- 4 Submit the pre-qualification document and invitation to pre-qualify notice to the tender committee for approval, prior to issue.
- 5 Publish the notice
- 6 Issue pre-qualification documents to all bidders who request them. .
- 7 Receive applications up until the deadline. Late applications must not be accepted.
- 8 Open the applications and record the names of all applicants. No public bid opening is required.
- 9 Assess each application against the criteria defined in the pre-qualification document and determine whether each bidder is qualified or not qualified.
- 10 Record the results of the evaluation.
- 11 Prepare a list of pre-qualified bidders and obtain the tender committee's approval for the evaluation and the pre-qualified list.

#### Documents/Records Required

1. A copy of the approved prequalification document, and the tender committee's written approval, must be retained on the procurement file.  
The procurement file must also contain records of:
  - i. The potential bidders to whom the pre-qualification document is issued;
  - ii. The potential bidders submitting applications;
  - iii. The evaluation of applications;
  - iv. The list of pre-qualified bidders.

#### Next Steps:

1. Proceed to draft a bidding document or request for proposals document.

#### Key Control Processes

- 1 The tender committee shall approve the pre-qualification document and invitation to pre-qualify notice before issue.
- 2 The tender committee shall also approve the list of pre-qualified bidders, when approving the subsequent bidding document.

## Procurement and Disposal Policies and Procedures

### Obtaining and Assessing EOIs

3.2

#### Policy Statement

All staff members shall comply with the following general principles:

- 1 There shall be transparency, competition, fairness, and non-discrimination in the Expression of Interest (EoI) procedure to ensure information on the qualifications and experience of potential bidders is properly obtained and assessed.

#### Policy Objectives

The EOI procedure is a form of pre-qualification procedure for consultancy services. It is used to identify bidders who have adequate capabilities, personnel and experience to perform a consultancy assignment, in order to establish a limited shortlist and invite detailed proposals from a minimum of three qualified bidders. The EoI procedure offers the following benefits:

- 1 Publication of a notice calling for Expressions of Interest will assist REG/EUCL/EDCL in identifying potential bidders. Consultancy assignments can vary greatly and be highly complex or specialized, making the identification of sources difficult.
- 2 Only a limited number of bidders are required to prepare detailed proposals and keep key staff available for the validity period. Bidders are more likely to commit resources to proposal preparation and keep staff available if they feel that they are only competing against a limited number of bidders;
- 3 REG/EUCL/EDCL would not require excessive time and resource for the evaluation of a large number of detailed proposals, including complex methodologies and several CV's;
- 4 Bidding is limited to consultants likely to have the capabilities, personnel and experience required for the successful performance of the contract. The qualifications of both the consultant and its key staff are critical in the delivery of consultancy assignments.

#### Documents

- 1 *Notice calling for EoI*

#### Responsibility

- 1 *The Procurement Unit shall manage the EOI procedure, consulting with the user department or other technical specialist.*
- 2 *The Tender Committee (or as otherwise delegated) shall be responsible for assessing the EOI received and developing the shortlist.*

#### Procedures

- 1 Draft a notice calling for EoI – (*see guidance note 1 below for details of the content*).

## Procurement and Disposal Policies and Procedures

### Obtaining and Assessing EOIs

3.2

- 2 Submit the EOI notice to the Tender Committee for approval, prior to publication.
- 3 Publish the notice.
- 4 Receive EOIs up until the deadline. Late EOI must not be accepted.
- 5 Open the EOI and record the names of all applicants. No public bid opening is required.
- 6 Assess the EOI for the key skills, experience or capabilities required for the assignment.
- 7 Prepare a shortlist of three to six bidders who are the best qualified for the proposed assignment. Obtain the respective Tender Committee's approval for the shortlist when obtaining approval for the Request for Proposals document.

#### Guidance Note 1 – EOI Notices

A notice calling for EOI shall normally include the following information:

- 1 The name and address (physical and postal) of REG/EUCL/EDCL;
- 2 A brief description of the project, if any, of which the assignment forms a part;
- 3 A brief description of the consultancy services or other services;
- 4 A statement of the information required from potential bidders, such as descriptions of similar work performed and indications of the type of staff available for the assignment;
- 5 Instructions on the location and deadline for submission of EOI
- 6 Any special instructions on the sealing and labelling of EOI.

#### Documents/Records Required

- 1 A copy of the published EOI notice, and the tender committee's written approval, must be retained on the procurement file.

The procurement file must also contain records of:

- i. The potential bidders submitting EOI;
- ii. The evaluation of the EOI;
- iii. The shortlist of bidders.

#### Next Steps:

- 1 Proceed to draft a bidding document or request for proposals document.

#### Key Control Processes

- 1 The Tender Committee shall approve the notice calling for EOI before publication.
- 2 The Tender Committee shall also approve the shortlist of bidders, when approving the subsequent Request for Proposals document.

## Procurement and Disposal Policies and Procedures

### Preparing an Invitation to Bid Notice

3.3

#### Policy Statement

All staff members shall comply with the following general principles:

- 1 There shall be transparency in the preparation of invitation to bid.

#### Policy Objective

- 1 Invitation to bid (or pre-qualify) notices will be published mainly to attract the widest possible competition, which shall assist REG/EUCL/EDCL in obtaining value for money.

#### Documents

No specific reference to the procurement laws and regulations but the SBDs contains the standard notice formats.

- 1 *REG/EUCL/EDCL procurement user manual*
- 2 *Invitation to Bid Notice*
- 3 *Invitation to Pre-qualify Notice*

#### Responsibility

- 1 *The procurement unit shall be responsible for the preparation of the invitation to bid or pre-qualify notice.*
- 2 *The tender committee (or as otherwise delegated) shall be responsible for approving invitation to bid or pre-qualify notice.*

#### Procedures

1. Complete all required information using the standard notice format – (*see guidance notes 1 and 2 below for details of the information to be included*).
2. Submit the draft notice to the tender committee for approval, along with the draft bidding document, or in the case of pre-qualification, with the draft pre-qualification document.

#### Guidance Note 1 – Invitation to Bid Notices

The invitation to bid notice must include at least the following information:

- 1 The name and address (physical and postal) of REG/EUCL/EDCL
- 2 A brief description of the goods, works or services required, including the location for delivery or performance and the time for delivery or completion;
- 3 the address for viewing and obtaining the bidding documents;

## Procurement and Disposal Policies and Procedures

### Preparing an Invitation to Bid Notice

3.3

- 4 The price, if any, for the purchase of the bidding documents and the currency and means of making payment – (*see guidance note 3 below on establishing the price of bidding documents*);
- 5 The language(s) in which the bidding documents are available;
- 6 The location, date and time of any pre-bid conference and/or site visit to be held;
- 7 Instructions on the location and deadline for submission of bids.

#### Guidance Note 2 – Invitation to Pre-qualify Notices

The invitation to pre-qualify notice must include at least the following information:

- 1 The name and address (physical and postal) of REG/EUCL/EDCL;
- 2 A brief description of the goods, works or services subject to the prequalification and an indication of whether pre-qualification is for a single contract or a group of contracts;
- 3 The address for viewing and obtaining the pre-qualification documents;
- 4 the price, if any, for the purchase of the pre-qualification documents and the currency and means of making payment;
- 5 The language(s) in which the pre-qualification documents are available;
- 6 Instructions on the location and deadline for submission of applications to prequalify.

#### Guidance Note 3 – Price of Bidding Documents

REG/EUCL/EDCL may charge a fee for bidding documents in order to cover the cost of printing and distributing the document. The fee must not be set at a level which includes any element of profit. In determining whether to charge a fee and the fee to charge, REG/EUCL/EDCL shall consider:

- 1 The size of the document, which will affect printing and distribution costs. For example, a bidding document for a large construction contract may include several separate volumes of drawings and bills of quantities, whereas a bidding document for simple goods may be only 50-100 pages;
- 2 The likely location of potential bidders. Distribution to international bidders will incur a greater cost than distribution to local bidders.
- 3 The method of distribution. In some cases, distribution by courier, rather than normal postal services, may be required, which is likely to increase costs.

#### Documents/Records Required:

- 1 A copy of the published invitation to bid or pre-qualify notice, and the tender committee's written approval, must be retained on the procurement file.

#### Next Steps:

- 1 Proceed to draft a bidding document or request for proposals document.

## Procurement and Disposal Policies and Procedures

### Preparing an Invitation to Bid Notice

3.3

#### Key Control Processes

- 1 The invitation to bid or pre-qualify notice shall be approved by the tender committee prior to its publication. This approval shall be obtained at the same time as approval for the bidding or pre-qualification document.

## Procurement and Disposal Policies and Procedures

### Drafting a Bidding Document or Request for Quotation

3.4

#### Policy Statement

The bidding document shall be in compliance with the standard bidding documents as provided by the REG/EUCL/EDCL procurement user manual.

#### Policy Objectives

The bidding document is critical to the success of the bidding process. It informs bidders of:

- 1 The precise description of the goods, works or services required;
- 2 The rules for the bidding process;
- 3 The evaluation criteria and method which will be applied;
- 4 Any qualification criteria which will be applied; and
- 5 The type and conditions of the proposed contract.

A well drafted bidding document shall result in a successful procurement process. Therefore this document must be approved by the tender committee prior to its issue.

#### Documents

- 1 *REG/EUCL/EDCL procurement user manual*
- 2 *the Ministerial order N° 001/08/10/Min of 16/01/2008 that established regulations on Public Procurement and Standard bidding documents*
- 3 *Law no; 05/2013 of 13/02/2013 modifying and completing the law no: 12/2007 of 27/03/2007 on public procurement*
- 4 *Standard bidding document*

#### Responsibility

- 1 *The procurement unit is responsible for drafting the bidding document or request for proposals in consultation with the user department which raised the requisition. The procurement unit shall seek advice from technical specialists, where required. The procurement unit is responsible for obtaining approval from the tender committee, prior to issue of the document.*

#### Procedures

- 1 The preparation of the bidding document shall be jointly done by the procurement unit and end-user department mainly regarding technical specifications, terms of reference or Bills of Quantities Where necessary and for technical reasons, REG/EUCL/EDCL may seek assistance from an expert or a specialized bureau for the preparation of the bidding document(s).
- 2 Complete the Bid Data Sheet with details of the bidding process e.g. the bid closing date, the address for submission, the evaluation criteria to be applied, any qualification criteria to be applied etc. Note that the Bid Data Sheet modifies the Instructions to Bidders – the text of the



## Procurement and Disposal Policies and Procedures

### Drafting a Bidding Document or Request for Quotation

3.4

- Instructions to Bidders must NOT be modified; (*see guidance note 1 below for a contents of a standard bidding document*);
- 3 Complete the Special Conditions of Contract with the conditions which will apply to the contract e.g. payment terms, delivery/completion period, warranty, liquidated damages. Further guidance is included in the user guide for the relevant document. Note that the Special Conditions of
  - 4 Contract modify the General Conditions of Contract – the text of the General Conditions of Contract must NOT be modified; Refer to REG/EUCL/EDCL procurement manual for the special administrative clauses for bidding documents
  - 5 The contract form shall be left blank for inclusion in the bidding document, as these details can only be completed when the successful bidder has been decided.
  - 6 Ensure that any related documents have been prepared e.g. the invitation to bid notice or shortlist;
  - 7 Submit the draft bidding document, and related documents, to the tender committee for approval.
  - 8 Before any publication of tender, the bidding document must bear the procurement stamp, and the procurement unit shall ensure that the estimated budget is confirmed by the Chief Finance Officer.
  - 9 The bidding documents shall be written in English, French or Kinyarwanda.

#### Guidance Note 1 – Contents of the Bidding Document:

The Bidding Document shall include sufficient details so as to ensure fair competition for all those wishing to submit their bids. It shall include among the following:

- i. Goods, services and works to be subject to procurement and the delivery time limits;
- ii. The general and specific conditions governing the contract including the performance security which shall be submitted before the contract is signed.
- iii. The reference number assigned to the tender by REG/EUCL/EDCL for the purpose of procurement procedures;
- iv. Statement of requirements
- v. Instructions for the preparation and submission of tenders including the following:
  - a. The bid form;
  - b. The number of copies to be submitted with the original bid;
  - c. The bid security to be submitted, if any, and its nature as well as the amount of such a security;
  - d. Qualification evidence provided by the bidder;
  - e. An explanation of where and when bids shall be submitted,
  - f. A statement that the opening session can be attended by those bidders wishing to;
  - g. A statement indicating the bid validity period;
    - a. A statement indicating the period for price steadiness;
    - b. A statement of the variability of stated indicative quantity;
    - c. The procedures and criteria for bids evaluation and comparison;
    - d. A statement that REG/EUCL may cancel the bid at any time before the signing of the contract.

## Procurement and Disposal Policies and Procedures

### Drafting a Bidding Document or Request for Quotation

3.4

#### Documents/Records Required:

- 1 Bidding documents must be drafted using the appropriate standard bidding document as provided by the procurement laws of Rwanda. A copy of the approved bidding document, along with the tender committee's approval, must be retained on the procurement file.

#### Next Steps:

- 1 Publish the invitation to bid notice for Open Bidding (where no pre-qualification has been conducted)
- 2 Issue the invitation documents for all other methods.

#### Key Control Processes

- 1 The tender committee shall approve the bidding documents or request for quotation prior to its issue or the publication. Approval for any invitation to bid notice, shortlist or list of pre-qualified bidders shall be sought at the same time.

## Procurement and Disposal Policies and Procedures

### Publishing an Invitation to Bid Notice

#### Policy Statement

The bidding document shall be in compliance with the standard bidding documents as provided by the REG/EUCL/EDCL procurement user manual.

#### Policy Objectives

The bidding document is critical to the success of the bidding process. It informs bidders of:

- 1 The precise description of the goods, works or services required;
- 2 The rules for the bidding process;
- 3 The evaluation criteria and method which will be applied;
- 4 Any qualification criteria which will be applied; and
- 5 The type and conditions of the proposed contract.

A well drafted bidding document shall result in a successful procurement process. Therefore this document must be approved by the tender committee prior to its issue.

#### Documents

- 1 *REG/EUCL/EDCL procurement user manual*
- 2 *the Ministerial order N° 001/08/10/Min of 16/01/2008 that established regulations on Public Procurement and Standard bidding documents*
- 3 *Law no; 05/2013 of 13/02/2013 modifying and completing the law no: 12/2007 of 27/03/2007 on public procurement*
- 4 *Standard bidding document*

#### Responsibility

- 1 *The procurement unit is responsible for drafting the bidding document or request for proposals in consultation with the user department which raised the requisition. The procurement unit shall seek advice from technical specialists, where required. The procurement unit is responsible for obtaining approval from the tender committee, prior to issue of the document.*

#### Procedures

- 1 The preparation of the bidding document shall be jointly done by the procurement unit and end-user department mainly regarding technical specifications, terms of reference or Bills of Quantities Where necessary and for technical reasons, REG/EUCL/EDCL may seek assistance from an expert or a specialized bureau for the preparation of the bidding document(s).

## Procurement and Disposal Policies and Procedures

### Publishing an Invitation to Bid Notice

4

- 2 Complete the Bid Data Sheet with details of the bidding process e.g. the bid closing date, the address for submission, the evaluation criteria to be applied, any qualification criteria to be applied etc. Note that the Bid Data Sheet modifies the Instructions to Bidders – the text of the Instructions to Bidders must NOT be modified; (*see guidance note 1 below for a contents of a standard bidding document*);
- 3 Complete the Special Conditions of Contract with the conditions which will apply to the contract e.g. payment terms, delivery/completion period, warranty, liquidated damages. Further guidance is included in the user guide for the relevant document. Note that the Special Conditions of
- 4 Contract modify the General Conditions of Contract – the text of the General Conditions of Contract must NOT be modified; Refer to REG/EUCL/EDCL procurement manual for the special administrative clauses for bidding documents
- 5 The contract form shall be left blank for inclusion in the bidding document, as these details can only be completed when the successful bidder has been decided.
- 6 Ensure that any related documents have been prepared e.g. the invitation to bid notice or shortlist;
- 7 Submit the draft bidding document, and related documents, to the tender committee for approval.
- 8 Before any publication of tender, the bidding document must bear the procurement stamp, and the procurement unit shall ensure that the estimated budget is confirmed by the Chief Finance Officer.
- 9 The bidding documents shall be written in English, French or Kinyarwanda.

#### **Guidance Note 1 – Contents of the Bidding Document:**

The Bidding Document shall include sufficient details so as to ensure fair competition for all those wishing to submit their bids. It shall include among the following:

- i. Goods, services and works to be subject to procurement and the delivery time limits;
- ii. The general and specific conditions governing the contract including the performance security which shall be submitted before the contract is signed.
- iii. The reference number assigned to the tender by REG/EUCL/EDCL for the purpose of procurement procedures;
- iv. Statement of requirements
- v. Instructions for the preparation and submission of tenders including the following:
  - a. The bid form;
  - b. The number of copies to be submitted with the original bid;
  - c. The bid security to be submitted, if any, and its nature as well as the amount of such a security;
  - d. Qualification evidence provided by the bidder;
  - e. An explanation of where and when bids shall be submitted,
  - f. A statement that the opening session can be attended by those bidders wishing to;

## Procurement and Disposal Policies and Procedures

### Publishing an Invitation to Bid Notice

4

- g. A statement indicating the bid validity period;
- h. A statement indicating the period for price steadiness;
- i. A statement of the variability of stated indicative quantity;
- j. The procedures and criteria for bids evaluation and comparison;
- k. A statement that REG/EUCL/EDCL may cancel the bid at any time before the signing of the contract.

#### **Documents/Records Required:**

- 1 Bidding documents must be drafted using the appropriate standard bidding document as provided by the procurement laws of Rwanda. A copy of the approved bidding document, along with the tender committee's approval, must be retained on the procurement file.

#### **Next Steps:**

- 1 Publish the invitation to bid notice for Open Bidding (where no pre-qualification has been conducted)
- 2 Issue the invitation documents for all other methods.

#### **Key Control Processes**

- 1 The tender committee shall approve the bidding documents prior to its issue or the publication. Approval for any invitation to bid notice, shortlist or list of pre-qualified bidders shall be sought at the same time.

## Procurement and Disposal Policies and Procedures

### Publishing an Invitation to Bid Notice

#### Policy Statement

This procedure outlines the rules for publishing an invitation to bid notice.

#### Policy Objective

Invitation notices are published in order to:

- 1 Attract the widest possible competition, which shall assist REG/EUCL/EDCL in obtaining value for money or in preparing a strong shortlist of bidders.

#### Documents

- 1 *Bidding document*
- 2 *Invitation for Bid*

#### Responsibility

- 1 *The Procurement Unit is responsible for organizing the publication of notices.*

#### Procedures

- 1 Arrange for publication of the notice in the newspapers and on the REG/EUCL/EDCL website. The publication date in the newspapers will mark the starting date of the bidding period and will therefore be the date from which minimum bidding periods are calculated.
- 2 For international bidding, arrange publication in appropriate publications of wide international circulation, such as internationally recognized newspapers, specialized trade journals, the internet etc.
- 3 Ensure that sufficient copies of the bidding or pre-qualification document are available for distribution from the first publication date.

#### Documents/Records Required:

- 1 A copy of the published notice must be kept on file.

#### Next Steps:

- 1 Proceed to issue invitation documents.

#### Key Control Processes

- 2 No approvals are required for publication of the notice, once the draft notice has been approved by the tender committee.

## Procurement and Disposal Policies and Procedures

### Issuing Invitation Documents

4.1

#### Policy Statement

This guideline provides the procedure for the physical issue or sale of bidding documents to bidders and keeping records of the documents issued. The instruction applies equally to the issue of other invitation documents, such as pre-qualification, Request for Proposals and Request for Quotations documents.

#### Policy Objectives

- 1 Bidding and other invitation documents shall be issued or sold promptly, to provide bidders with sufficient time to prepare and submit their bids. Delays in issuing bidding documents may result in reduced competition.
- 2 Bidders shall be issued with the same information, within the same period of time, to ensure that the procurement process is fair.
- 3 A record of all documents issued shall be kept for future reference in case of queries or complaints from bidders.

#### Documents

- 1 *Bidding document.*

#### Responsibility

- 1 *The Procurement Unit in collaboration with the user department is responsible for managing the issue of bidding documents.*

#### Procedures

- 1 Where documents are being issued to bidders on a shortlist or pre-qualified list, the documents must be dispatched to all bidders at the same time. A record must be kept of the issue of documents.
- 2 Where an invitation to bid or pre-qualify notice is being published, bidders may request to preview the documents prior to purchase. Arrangements must be put in place to permit previews, at the address and time stated in the published notice. The REG/EUCL/EDCL Procurement Officer in charge shall ensure that sufficient copies of the bidding document will be available by the date of publication of the first notice.
- 3 Where a fee is charged for the documents, arrangements must be put in place for receiving and confirming payments and issuing receipts. The precise arrangements will depend on the method of payment.

## Procurement and Disposal Policies and Procedures

### Issuing Invitation Documents

4.1

- 4 Documents must be dispatched promptly to all bidders who respond to any notice and pay any required fee. The records of issued documents must be kept.

#### Documents/Records Required:

- 1 A record of the issue of bidding documents must be completed and kept on file. At a minimum, this record must include:
  - i. The name and address of each bidder, to whom the document was issued;
  - ii. Confirmation of the payment of any required fee;
  - iii. The date of issue of the document;
  - iv. The method of dispatch of the document;
  - v. The signature of the official responsible for the issue of the documents.
  - vi. Acknowledgement that the bidder or bidder's representative has received the document.

#### Next Steps:

- 1 Manage pre-bid meetings and site visits, where a meeting or visit is required.
- 2 Handle bidder clarifications, modifications and extensions, where any clarifications, modifications or extensions are requested by bidders or issued by REG/EUCL/EDCL.
- 3 Receive bids.

#### Key Control Processes

- 1 No approvals are required for publication of the notice, once the draft notice has been approved by the tender committee.



## Procurement and Disposal Policies and Procedures

### Managing Pre-bid Meetings and Site Visits

4.2

#### Policy Statement

This guideline provides the procedure for managing pre-bid conferences (if required), where REG/EUCL/EDCL briefs bidders on the procurement requirement and responds to questions from bidders, in order to assist them in preparing their bids. It also provides the procedure for site visits, where bidders are given the opportunity to view the site where goods are to be installed or works or services performed.

#### Policy Objectives

Pre-bid meetings and site visits are intended to provide a structured way of providing additional information for bidders, which cannot easily be included in a bidding document. A pre-bid meeting or site visit can offer the following benefits:

- 1 REG/EUCL/EDCL is able to provide additional information to bidders, ensuring that all bidders receive the same information;
- 2 bidders are assisted in preparing bids which shall be based on more detailed and accurate information, responsive to REG/EUCL/EDCL's needs and less likely to include reservations, conditions or caveats;
- 3 REG/EUCL/EDCL is able to get early warning of any unforeseen queries or problems, while there is still time to modify the bidding document if necessary;
- 4 The majority of likely requests for clarification can be addressed at the same time;
- 5 The possibility of contractual disputes, caused by a bidder's misunderstanding of REG/EUCL/EDCL's requirements, is reduced.

#### Documents

- 1 *REG/EUCL/EDCL procurement user manual*
- 2 *Bidding Document*
- 3 *Bid Notice*
- 4 *Site visit report.*

#### Responsibility

- 1 *The Procurement Unit has the overall responsibility for managing pre-bid meetings and site visits. The user department, or other technical specialist, must be closely involved to provide responses on technical issues.*

#### Procedures

## Procurement and Disposal Policies and Procedures

### Managing Pre-bid Meetings and Site Visits

4.2

- 1 Consider the need for a pre-bid meeting or site visit at the procurement planning stage and include details of the location, date and time in the bidding document and any invitation to bid notice. They shall be held early during the bidding period, to allow bidders time to take the information into account in preparing their bids. Where both a pre-bid meeting and a site visit are to be held, they shall be arranged to coincide wherever possible, particularly where international bidders are likely.
- 2 Ensure that arrangements are made in advance, including booking a meeting room, ensuring that sufficient, appropriate staff are available, ensuring that access to the site is possible at the appointed time, making appropriate safety arrangements on site if required, preparing an agenda for the meeting etc.
- 3 Brief all staff involved on the procedure for the pre-bid meeting and/or site visit, including the responsibilities of each staff member and anticipated questions and answers.
- 4 The management of the pre-bid meeting will be determined by the agenda prepared by the Procurement Unit. Typically, this might include opening and welcome by REG/EUCL/EDCL a brief presentation by REG/EUCL/EDCL on the procurement requirement, questions by bidders and closing. Where requests for clarification have been received prior to the meeting, these may be used to determine the agenda and prepare responses.
- 5 The management of any site visit will be determined by the nature and size of the site and the type of procurement envisaged. Bidders shall be given a tour of as much of the site as possible and allowed to view any facilities which are being provided by REG/EUCL/EDCL.
- 6 Record full details of the pre-bid meeting and/or site visit.
- 7 Following completion of the pre-bid meeting and/or site visit, issue a record of the meeting to all bidders who were issued with bidding documents, regardless of whether they attended the meeting. The record issued must include all questions raised and the formal clarifications issued -
- 8 Where necessary, issue a formal modification of the bidding document and/or extension to the bidding deadline - (*see guidance note 1 below for extension of deadlines in the next section*);

#### Documents/Records Required:

- 1 A record of the pre-bid meeting and/or site visit must be completed, kept on the procurement file and distributed to all bidders who were issued with the bidding document. At a minimum, this record must include:
  - i. The date, time and location of the pre-bid meeting and/or site visit;

## Procurement and Disposal Policies and Procedures

### Managing Pre-bid Meetings and Site Visits

4.2

- ii. A list of all persons who attended, including both REG/EUCL/EDCL staff and bidders;
- iii. A list of all questions asked and the responses given;
- iv. Any other information provided to bidders.

#### **Next Steps:**

- 1 Handle bidder clarifications, modifications and extensions, if further clarifications or modifications need to be issued or an extension is required.
- 2 Receive bids, if no further clarifications, modifications or extensions are required.

#### **Key Control Processes**

- 1 In case of clarifications, no approvals are required; in case of modifications, the tender committee will approve.

## Procurement and Disposal Policies and Procedures

### Handling Bidder Clarifications, Modifications and Extensions 4.3

#### Policy Statement

This procedure establishes standard operating procedures for responding to bidder clarifications, issuing modifications to a bidding document and granting extensions of the bid deadline.

- 1 Bidder clarifications are requests from bidders for clarification of a particular element of the bidding document, to which REG/EUCL/EDCL is required to issue a formal response to all bidders;
- 2 Modifications are formal amendments to the bidding document, which REG/EUCL/EDCL may choose to make, either in response to a bidder clarification or on its own initiative;
- 3 Extensions are formal extensions by REG/EUCL/EDCL of the deadline for submission of bids, to give bidders more time in which to prepare their bids, normally in response to a bidder clarification or modification.

#### Policy Objectives

- 1 Ideally, bidder clarifications, modifications and extensions to the bid deadline shall not be required. However, where they are required, it is important that clarifications, modifications and extensions are issued promptly and in sufficient time before the bid closing date. It is also essential that the same information is issued to all bidders at the same time.
- 2 Mishandling of bidder clarifications, modifications and extensions may result in complaints from bidders, unnecessary delays to the bidding process or a reduced number of bids.

#### Documents

- 1 *REG/EUCL/EDCL Procurement user manual*
- 2 *Bidding Document*

#### Responsibility

- 1 *Tender committees*
- 2 *The Procurement Unit shall manage requests for clarifications and the issue of any modifications to the bidding document or extensions to the bid deadline. The procurement unit shall consult with the user department, or other technical specialist, where required, on clarifications or modifications to be issued.*

## Procurement and Disposal Policies and Procedures

### Handling Bidder Clarifications, Modifications and Extensions 4.3

#### Procedures

- 1 A clarification or modification can be issued, or an extension of the bidding deadline given, either in response to a request for clarification from a bidder or on REG/EUCL/EDCL's own initiative. Where a request is received from a bidder, ensure that it is received before the latest date for clarifications stated in the bidding document. Where it is received later, send a reply stating that the request was received after the latest date for clarification requests and that therefore no response can be given. (*see guidance note 1 below for clarifications on the bidding document*);
- 2 Agree on the appropriate response to the request for clarification, or agree any modification that REG/EUCL/EDCL considers necessary. Consult with the user department, or technical specialist, where appropriate.
- 3 Consider whether the clarification or modification is likely to have a significant impact on the preparation of bids and therefore, whether an extension to the bidding deadline shall be given.
- 4 Draft a formal clarification or modification. Where the clarification is in response to a request from a bidder, ensure that the response includes a description of the request, but without identifying the bidder who made the request. Ensure that any extension to the bidding deadline is clearly stated, giving the time and date of the new deadline. State also the revised time and date for any public bid opening.
- 5 If the clarification or modification involves a substantial change to the bidding document, obtain the MD's approval before issue.
- 6 Issue the same clarification, modification or extension to all bidders at the same time, keeping a record of its issue. Where a pre-bid meeting is to be held, formal issue of the clarification, modification or extension may be delayed until after the pre-bid meeting. However, REG/EUCL/EDCL must still prepare the clarification, modification or extension, as information will need to be provided at the pre-bid meeting and a formal clarification, modification or extension must be issued after the meeting.
- 7 Before the expiry of the submission deadline specified the bidding document, REG/EUCL/EDCL through the head of procurement may, for any reason, at its own initiative or upon request by the bidders, extend the period of the preparation of bids. If this extension has been given, ensure that arrangements for the receipt of bids and any public bid opening are revised e.g. revise room bookings, advise relevant staff of the new time and date etc. Such extension shall be notified to all bidders.

#### Guidance Note 1 – Clarifications on the bidding document and extension of deadlines:

- 1 The head procurement in consultation with the user department shall respond to the bidder's request for any clarification not later than the date specified in the bidding document.

## Procurement and Disposal Policies and Procedures

### Handling Bidder Clarifications, Modifications and Extensions 4.3

- 2 REG/EUCL/EDCL through the head of procurement shall within seven (7) days to submission deadline, amend the bidding document and issue an addendum to be communicated to all bidders. The addendum shall be part of the bidding document.
- 3 REG/EUCL/EDCL through the head of procurement shall communicate, without disclosing the origin of the request, the requested clarification to all bidders it issued the bidding document.

#### **Documents/Records Required:**

- 1 A record must be kept on the procurement file of the issue of all clarifications, modifications or extensions to the bid deadline. At a minimum, this record must include:
  - A copy of the clarification, modification or extension letter sent;
  - Evidence of dispatch to all bidders e.g. fax confirmations, copies of letters posted, emails sent etc.

#### **Next Steps:**

- 1 Receive bids.

#### **Key Control Processes**

- 1 The user department's approval is required for any clarification or modification which involves a change to the original bidding document.
- 2 The MD's approval is required for any clarification or modification which involves a change to the original bidding document.

## Procurement and Disposal Policies and Procedures

### Receiving Bids

4.4

#### Policy Statement

This guideline provides a standard operating procedure for the receipt of bids, closing bidding at the time of the deadline and safe-keeping of bids until the time for bid opening.

#### Policy Objectives

This procedure for the formal receipt of bids, closing of bidding and safe-keeping of bids in a safe lockable place is essential to the integrity of the bidding process for the following reasons:

- 1 It ensures that submitted bids are kept unopened until the time for the public bid opening, to promote fair competition;
- 2 It ensures that bidding is closed at the precise date and time of the deadline and that no late bids are accepted;
- 3 It ensures that a record is kept of all bids submitted on time, to help avoid the opening of any late bids submitted at the opening.

#### Documents

- 1 *Receipts issued to bidders*

#### Responsibility

- 1 *The procurement unit will manage the receipt of bids, the closing of bid submission and shall be responsible for the safe-keeping of bids until they are delivered to the tender committee for opening.*

#### Procedures

- 1 Ensure that staff is available during normal working hours to receive and record the bids being submitted by the bidders.
- 2 Ensure that arrangements are in place for the receipt of other packages such as samples.
- 3 Ensure that procurement staff have been nominated to manage the bid closing and that they know the date and time of the closing. These staff must be at the location for bid receipt before the time of bid closing.
- 4 Take the bids or other items which have been received to the location for the bid opening.

#### Documents/Records Required:

- 1 A record must be kept on the procurement file of all bids, or other items, which are received. Copies of all receipts issued to bidders must also be kept on the procurement file. At a minimum, receipts for bids submitted must include:
  - i. The name of the bidders;

## Procurement and Disposal Policies and Procedures

### Receiving Bids

4.4

- ii. The precise time and date of receipt of the bid;
- iii. The name and signature of the official receiving the bid and issuing the receipt; and
- iv. The number of envelopes/packages received.

#### Next Steps:

- 1 Opening bids (one stage – single envelope) for Open Bidding and Restricted Bidding.
- 2 Opening bids (one stage – two envelopes) for Request for Proposals.

#### Key Control Processes

- 1 The Head of Procurement shall ensure that no bid is accepted after the official bid closing time.



## Procurement and Disposal Policies and Procedures

### Opening Bids (One Stage – Single Envelope)

4.5

#### Policy Statement

Bids which have been received on time are opened publicly, in the presence of bidders, and summary details read out and recorded.

#### Policy Objectives

The public bid opening is an important step in the bidding process as:

- 1 Opening bids publicly helps to demonstrate that the bidding processes is transparent and increase bidders' confidence in the public procurement process;
- 2 Reading out prices shall avoid any disputes regarding price changes at a later date;
- 3 The formal procedure, which coincides with the bid closing, shall prevent late bids from being included in the evaluation.

#### Documents

- 1 *REG/EUCL/EDCL Procurement User Manual*
- 2 *Bidding Document*
- 3 *Bid opening report*
- 4 *Bids*

#### Responsibility

- 1 *The chairperson of tender committee will nominate at least three members to manage the bid opening procedure. The procurement unit, or other staff, will be required to provide support to the tender committee at the opening.*

#### Procedures

- 1 The tender committee chairperson shall be responsible for the nomination of the team to manage the bid opening procedure. The bid opening committee shall be comprised of at least three (3) members, one from the tender committee, the procurement unit and tender user department.
- 2 Bids shall be opened publicly wherein all bidders and prospective bidders shall be allowed to attend the opening session. Prior to the bid opening time, the procurement unit staff must ensure that appropriate resources, both physical and human, are available to manage the bid opening efficiently – (see guidance note 1 below for details).
- 3 The person chairing the opening must ensure that all staff involved understand their respective roles in the procedure.

## Procurement and Disposal Policies and Procedures

### Opening Bids (One Stage – Single Envelope)

4.5

- 4 The chairperson shall welcome bidders to the opening and request them all to sign the record of attendance. He/she shall briefly explain the procedure which will be followed, which is normally opening of bids, reading out and recording of information by REG/EUCL/EDCL, opportunity for bidders to ask questions, closing of meeting and removal of bids for safe-keeping and evaluation.
- 5 First, envelopes marked “Withdrawal” (if any) shall be opened one at a time. These shall be read out and the envelope containing the corresponding bid located and returned to the bidder unopened. The withdrawal must be noted on the record of the bid opening. Next, envelopes marked “Modification” shall be opened one at a time and the envelope containing the corresponding bid located and opened. Details of the modified bid shall be read out and recorded, ensuring that the details relate to the modified, not the original, bid (See guidance note 2 below for guidance on the details to be read out).
- 6 All other bids shall be opened, one at a time, and the relevant details read out and recorded. Each original bid **MUST** always be initialed - page by page - by members of the bids opening committee immediately after the opening session.
- 7 Names and address for every bidder whose bid is opened, the amount of the bid as well as any other useful information shall be read out loud and recorded. Once this is completed, the chairperson shall allow bidders to ask questions. (For guidance on answering such questions, see guidance note 3 below).
- 8 The chairperson shall close the bid opening meeting, reminding bidders that they must not seek to influence the evaluation and that the successful bid will be published in due course.
- 9 All bids shall be immediately taken to a place of safe keeping, until the evaluation team is ready to meet. Any bid securities must also be kept securely.
- 10 Where bid openings for more than one bidding process are conducted at the same time, they must be conducted consecutively, with one opening completed, recorded and bids removed, before the next opening commences.

#### **Guidance Note 1 – Resources for Bid Opening:**

- 1 Physical resources for an efficient bid opening include:
  - i. A room which is accessible to bidders, arranged so that bidders’ representatives are seated at a short distance from the table where the opening is to be conducted. It is important that bidders witness, rather than participate in, a bid opening procedure;
  - ii. Office materials, such as scissors, marker pens, cello tape etc for opening and marking of bids
  - iii. A copy of the bidding document, in case there is a need to refer to the bidding instructions or other details;

## Procurement and Disposal Policies and Procedures

### Opening Bids (One Stage – Single Envelope)

4.5

- iv. Blank forms for recording bid details and sufficient pens;
  - v. Blank attendance forms and pens, for all bidders and other attendees to sign their attendance.
- 2 Sufficient procurement staff shall be on hand to ensure that the opening proceeds efficiently. Different staff shall normally be responsible for the following tasks:
- i. Opening the bids, numbering and passing the bids to the chairperson to read out;
  - ii. Recording the details of the bid opening;
  - iii. Ensuring the safe-keeping of opened bids;
  - iv. Ensuring that bidders sign the attendance record.

#### Guidance Note 2 – Information to be Read Out:

- 1 Information to be read out shall be as stated in the bidding document. This must include at least:
- i. The name of each bidder;
  - ii. The total price of each bid, stating the currency and amount.
  - iii. Discounts and taxes
- 2 It may also include:
- i. The presence or absence of a bid security, and the form and amount of the bid security, where one was requested in the bidding document;
  - ii. Any other details stated in the bidding document.
- 3 No additional information concerning any bid shall be read out, other than that required by the bidding document.

#### Guidance Note 3 – Questions from Bidders:

- 1 Information given shall normally be restricted to that which is included in the bidding document. The tender committee officials shall seek to refer bidders back to the bidding document, rather than risk giving contradictory responses.
- 2 The officials managing the bid opening must take care not to answer questions regarding the acceptance or rejection of bids, or to discuss the specific details of any bid. Bidder can always be informed that the issues will be decided by the tender committee.
- 3 The names of staff who will be evaluating the bids must not be revealed under any circumstances, even if the information is requested by bidders. This confidentiality regarding the names of evaluators shall reduce opportunities for bidders to seek to influence the evaluation.

## Procurement and Disposal Policies and Procedures

### Opening Bids (One Stage – Single Envelope)

4.5

**Documents/Records Required:**

- 1 A bid opening report shall be completed and kept on the procurement file. At a minimum, this report must include:
  - i. The names of all bidders whose bids were opened;
  - ii. The total prices of the bids read out;
  - iii. The presence or absence of a bid security if one was required and the form and amount of the security;
  - iv. The number of copies of the bid received;
  - v. Any withdrawals or modifications.
- 2 Copies of the report shall be distributed to bidders on request.

**Next Steps:**

- 1 General evaluation procedures for goods, works and other services.

**Key Control Processes**

- 1 The Head of Procurement shall ensure that all bids that were submitted before the closing time have been opened; and bids that arrived late are returned unopened to their respective bidders.

## Procurement and Disposal Policies and Procedures

### Opening Bids (One Stage – Two Envelopes)

4.6

#### Policy Statement

The outer envelope of bids which have been received on time are opened publicly, in the presence of bidders, to obtain the separate technical and financial proposals within. The technical proposals are also opened and summary details read out and recorded. Financial proposals are kept sealed until the technical evaluation has been completed. The financial proposal of bids proceeding to the financial evaluation is opened publicly at a separate bidding opening, at a date and time notified after the technical evaluation. Summary details, including technical scores and prices, are read out and recorded.

#### Policy Objectives

The public bid opening is an important step in the bidding process as:

- 1 Opening bids publicly helps to demonstrate that the bidding processes is transparent and increase bidders' confidence in the REG/EUCL/EDCL procurement process;
- 2 Reading out technical scores and prices at the financial opening shall avoid any disputes regarding changes of price or the evaluation results at a later date;

#### Documents

- 1 *REG/EUCL/EDCL Procurement User Manual*
- 2 *Minutes of the bid opening session*
- 3 *Bidding Document*
- 4 *Technical Evaluation report*
- 5 *Bids*

#### Responsibility

- 1 *Tender Committee*
- 2 *The Procurement Unit,*
- 3 *other staff (as selected provide support to the Tender Committee at the opening)*

#### Procedures

##### Procedures for Technical Proposal Opening:

- 1 The tender committee shall be responsible for the nomination of the team manage the bid opening procedure The bid opening committee shall be comprised of at least three (3) members, one from the tender committee, the procurement unit and tender user department.

## Procurement and Disposal Policies and Procedures

### Opening Bids (One Stage – Two Envelopes)

4.6

- 2 Bids shall be opened publicly wherein all bidders and prospective bidders shall be allowed to attend the opening session. Prior to the bid opening time, the procurement unit staff must ensure that appropriate resources, both physical and human, are available to manage the bid opening efficiently – *(see guidance note 1 below)*.
  - 3 The person chairing the opening must ensure that all staff involved understands their respective roles in the procedure.
  - 4 The chairperson shall welcome bidders to the technical proposal opening and request them all to sign the record of attendance. He/she shall briefly explain the procedure which will be followed, which is normally opening of the opening of outer envelopes, opening of technical proposals, reading out and recording of information by REG/EUCL/EDCL, opportunity for bidders to ask questions, closing of meeting and removal of proposals for safe-keeping and evaluation.
  - 5 First, envelopes marked “Withdrawal” (if any) shall be opened one at a time. These shall be read out and the envelope containing the corresponding proposal located and returned to the bidder unopened. The withdrawal must be noted on the record of the bid opening.
- Next, envelopes marked “Modification” (if any) shall be opened one at a time and the envelope containing the corresponding proposal located and the outer envelope opened. The envelopes marked “technical proposal” shall be opened and details of the modified proposal shall be read out and recorded, ensuring that the details relate to the modified, not the original, proposal. (See guidance note 2 below for guidance on the details to be read out).
- 6 The outer envelopes of all other proposals shall be opened, one at a time, the technical proposals within them opened and relevant details read out and recorded. With the exception of late proposals, the bid opening committee must not make any comments regarding the acceptance or rejection of any proposal. Any missing or incorrect documents shall be noted in the bid opening report, but not commented on.
  - 7 When all proposals received on time have been opened, read out and recorded, the chairperson shall allow bidders to ask questions. (For guidance on answering such questions, see guidance note 3 below).
  - 8 The chairperson shall close the bid opening meeting, reminding bidders that they must not seek to influence the evaluation and that bidders whose proposals are proceeding to the financial evaluation will be notified of the arrangements for the financial opening in due course.
  - 9 All technical proposals shall be immediately taken to a place of safe keeping, until the evaluation team is ready to meet. All financial proposals and any bid securities must also be kept securely.
  - 10 Where bid openings for more than one procurement process are conducted at the same time, they must be conducted consecutively, with one opening completed, recorded and proposals removed, before the next opening commences.

## Procurement and Disposal Policies and Procedures

### Opening Bids (One Stage – Two Envelopes)

4.6

#### **Procedure for Financial Proposal Opening:**

- 1 Ensure that all bidders whose proposals are proceeding to the financial opening have been notified of the time, date and location for the opening, at least one week prior to the opening.
- 2 Bids shall be opened publicly wherein all bidders and prospective bidders shall be allowed to attend the opening session. Prior to the bid opening time, the Procurement Unit staff must ensure that appropriate resources, both physical and human, are available to manage the bid opening efficiently
- 3 The person chairing the opening must ensure that all staff involved understand their respective roles in the procedure.
- 4 The chairperson shall welcome bidders to the financial opening and request them all to sign the record of attendance. He/she shall briefly explain the procedure which will be followed, which is normally reading out technical scores, opening of financial proposals, reading out and recording of financial information, opportunity for bidders to ask questions, closing of meeting and removal of financial proposals for safe-keeping and evaluation.
- 5 Read out the names of all bidders whose proposals are proceeding to the financial evaluation and their respective technical scores. The bid opening committee must not discuss these scores or the results of the technical evaluation in any way.
- 6 Open the financial proposals, one at a time, and read out and record the relevant details – (see guidance note 4 below for details to be read out). The bid opening committee must take note of any comments regarding the prices.
- 7 When all relevant financial proposals have been opened, read out and recorded, the chairperson shall allow bidders to ask questions. (For guidance on answering such questions, see guidance note 3 below).
- 8 The chairperson shall close the bid opening meeting, reminding bidders that they must not seek to influence the financial evaluation and that the successful proposal will be published in due course.

#### **Guidance Note 1 – Resources for Bid Opening:**

- 1 Physical resources for an efficient bid opening include:
  - i. A room which is accessible to bidders, arranged so that bidders' representatives are seated at a short distance from the table where the opening is to be conducted. It is important that bidders witness, rather than participate in, a bid opening procedure;

## Procurement and Disposal Policies and Procedures

### Opening Bids (One Stage – Two Envelopes)

4.6

- ii. Office materials, such as scissors, marker pens, cello tape etc. for opening and marking of bids;
  - iii. A copy of the bidding document, in case there is a need to refer to the bidding instructions or other details;
  - iv. Blank forms for recording bid details and sufficient pens;
  - v. Blank attendance forms and pens, for all bidders and other attendees to sign their attendance.
- 2 Sufficient procurement staff shall be on hand to ensure that the opening proceeds efficiently. Different staff shall normally be responsible for the following tasks:
- i. Opening the bids, numbering and passing the bids to the chairperson to read out;
  - ii. Recording the details of the bid opening;
  - iii. Ensuring the safe-keeping of opened bids;
  - iv. Ensuring that bidders sign the attendance record.

#### **Guidance Note 2 – Information to be Read Out at Technical Proposal Opening:**

- 1 Information to be read out shall be as stated in the Request for Proposals document. This must include at least:
  - i. The name of each bidder, including the names of all parties to a joint venture, consortium or association if any;
- 2 It may also include:
  - i. The presence or absence of a bid security, and the form and amount of the bid security, where one was requested in the Request for Proposals document;
  - ii. Any other details stated in the Request for Proposals document.
  - iii. No additional information concerning any bid shall be read out, other than that required by the Request for Proposals document.
  - iv. No financial information will be read out, as financial proposals will remain sealed at this stage.

#### **Guidance Note 3 – Questions from Bidders:**

- 1 Information given shall normally be restricted to that which is included in the bidding document. The tender committee officials shall seek to refer bidders back to the bidding document, rather than risk giving contradictory responses.
- 2 The officials managing a public bid opening must take care not to answer questions regarding the acceptance or rejection of bids, or to discuss the specific details of any bid. Bidder can always be informed that the issues will be decided by the tender committee.



## Procurement and Disposal Policies and Procedures

### Opening Bids (One Stage – Two Envelopes)

4.6

- 3 The names of staff who will be evaluating the bids must not be revealed under any circumstances, even if the information is requested by bidders. This confidentiality regarding the names of evaluators shall reduce opportunities for bidders to seek to influence the evaluation.

#### **Guidance Note 4 – Information to be Read out at Financial Proposal Opening**

- 1 The technical scores of each bidder must be read out, prior to the opening of the financial envelopes. The name of each bidder and the total price of the financial proposal shall be read out; including discounts and taxes
- 2 No additional information concerning any proposal shall be read out. The breakdown of any technical score or price must not be read out.

#### **Documents/Records Required:**

- 1 A bid opening report of both the technical and financial bids opening must be completed and kept on the procurement file.
- 2 At a minimum, the record of the technical opening must include:
  - i. The names and addresses of all bidders whose proposals were opened;
  - ii. The presence or absence of a bid security if one was required and the form and amount of the security;
  - iii. The number of copies of the technical proposal received;
  - iv. Any withdrawals or modifications.
- 3 At a minimum, the record of the financial opening must include:
  - i. The names of all bidders whose proposals are proceeding to the financial evaluation;
  - ii. The technical score of each bidder proceeding to the financial evaluation;
  - iii. The total price of each financial proposal;
  - iv. The number of copies of the financial proposal received.
- 4 Copies of the record must be distributed to bidders on request.

#### **Next Steps:**

- 1 General evaluation procedures for goods, works and other services.

## Procurement and Disposal Policies and Procedures

### Policy Statement

This guideline sets out general procedures for evaluating bid for goods, works and services. Evaluations will vary for goods, works, consultancy services and other services, but the evaluation method will always consist of three stages:

- 1 A preliminary examination, to eliminate bids which do not comply with the basic requirements of the bidding document and bidders who do not meet mandatory qualification requirements;
- 2 A detailed evaluation, to determine whether bids are substantially responsive to the technical and commercial requirements of the bidding document;
- 3 A financial evaluation to compare the costs of responsive bids and determine which is the successful bid and shall be recommended for award of contract.

### Policy Objective

The purpose of evaluation is to objectively assess and compare all bids received, using a pre-defined method and criteria, in order to determine the most successful bidder, who shall be awarded a contract. A well conducted evaluation shall ensure that;

- 1 Competition is fair and that all bidders have an equal opportunity of winning the contract;
- 2 The goods, works or services purchases under the contract are of appropriate quality; and
- 3 REG/EUCL/EDCL get the best possible value for money.

### Documents

- 1 *REG/EUCL/EDCL procurement user manual*
- 2 *Minutes of the evaluation meetings*
- 3 *Evaluation reports*
- 4 *Bidding Document*
- 5 *Bid opening report*
- 6 *Bids*

### Responsibility

*The tender committee has the overall responsibility for evaluation of bids; although this responsibility can be delegated to ad hoc evaluation team. The tender committee shall, in consultation with the procurement unit, appoint the ad hoc evaluation teams for each bid depending on the need and the prevailing circumstances. The ad hoc committee may comprise of REG/EUCL/EDCL staff and or external persons. The tender committee or otherwise delegated can obtain technical advice from the user department during the process of evaluation of offers.*

## Procurement and Disposal Policies and Procedures

### Procedures

- 1 The Head of Procurement unit shall assist the tender committee to identify appropriate members of staff to constitute the evaluation team– *(see guidance note 1 below for assistance in selecting staff)*.
- 2 The evaluation team shall list the requirements, instructions and evaluation criteria specified in the bidding document and ensure that these are clearly understood. Seek clarification from the person responsible for writing the bidding document, where necessary. The evaluation team must apply the criteria as specified in the bidding document, and no new or varied criteria.
- 3 The member of the tender committee shall be responsible for managing the evaluation and shall meet with the selected evaluators to clearly understand the evaluation method and criteria specified in the bidding document.
- 4 Conduct a preliminary examination – *(see guidance note 2 below for further details)*. Eliminate bids which do not pass the preliminary examination.
- 5 Conduct a detailed evaluation on the bids which passed the preliminary examination – *(see guidance note 3 below for further details/see also guidance note 4 below for assistance in determining responsiveness and identifying material and non-material deviations)*.
- 6 Correct bids or seek clarification from bidders as required – *(see guidance note 5 below on areas where clarifications are permitted and the procedure for clarification and correction of bids)*.
- 7 Conduct a financial evaluation on the bids which passed the detailed evaluation to determine the lowest priced bid – *(see guidance note 6 below for further details. See also guidance note 7 on the correction of arithmetic errors and guidance note 8 on the application of discounts)*.
- 8 Where required, conduct a post-qualification on the successful bidder.
- 9 Prepare an evaluation report for submission to the tender committee for review; and approval – *(see Documents/Records required for details of the contents of the report)*.
- 10 The evaluation of bids shall be conducted within the following time unless there are justifiable reasons to lead to delays *(see guidance note 9 below for further details)*.
- 11 Request bidders to extend the validity of their bids at any point during the process if required – *(see guidance note 10 for details of the procedure)*.
- 12 The evaluation and comparison of bids shall be conducted in a transparent manner and in respect of professional secrecy. The evaluation and comparison report shall bear signatures of all members appointed to be on the evaluation team. The tender committee

## Procurement and Disposal Policies and Procedures

### Evaluation Procedures for Goods, Works and Services

5

shall lawfully meet for re-analyzing the evaluation report made by the appointed committee and decide on its approval

- 13 For the case of tenders funded by development partners and where specific provisions of agreement are applicable, the evaluation of bids shall be based on their rules, guidelines and regulations.

#### Guidance Note 1 – Selecting Staff to Conduct Evaluations

- 1 The evaluation team shall be delegated the overall responsibility for conducting evaluations and preparing evaluation reports, to be submitted to the tender committee for approval and recommendation for contract award. However, evaluations will frequently require inputs from other staff, particularly those with technical knowledge of the goods, works or services being procured. The head of the procurement unit will assist the tender committee in selecting the most appropriate member or members of staff to conduct each evaluation. The appropriate number and type of staff will depend on the type, value and complexity of the procurement. The tender committee shall approve and appoint the members to the evaluation team. The evaluation team shall be ad hoc, and formed only for evaluation of a particular bid.
- 2 For each evaluation, a member of the procurement unit will be involved. A member of the tender committee shall be responsible for coordinating any inputs from other staff, ensuring that the evaluation is conducted on time and in accordance with the criteria specified in the bidding document and the preparing an evaluation report.
- 3 In identifying staff to provide inputs to an evaluation or to be members of an evaluation team, the Head of Procurement unit must consider the type of skills, knowledge or experience needed, which might include:
  - i. Procurement and contracting skills;
  - ii. Technical knowledge;
  - iii. Financial management skills;
  - iv. Legal expertise
  - v. Representation by user department; and
  - vi. Specialist knowledge or experience.

#### Guidance Note 2 – Preliminary Examination

- 1 The preliminary examination is conducted to determine whether bids comply with the basic instructions and requirements of the bidding document. It enables the evaluators to eliminate the weakest bids, without the time and effort spent in conducting a detailed evaluation. Where no pre-qualification has been conducted, the preliminary examination can also be used to assess whether bidders meet the mandatory qualification requirements.
- 2 The preliminary examination is conducted on a pass or fail basis, with bids that are not substantially compliant being rejected. The criteria to be used for the preliminary

## Procurement and Disposal Policies and Procedures

examination depend on the requirements and instructions of the bidding document, so the preliminary examination must always start with a review of the bidding document to list the requirements to be met. As guidance only the preliminary examination might typically include checks of the following:

- i. Submission of a bid security, if one was required, in the correct form and amount and from an acceptable financial institutions;’
- ii. Submission of an original and the correct number of copies of the bid;
- iii. Submission of all forms and documents required, including, in particular the bid submission form and any required price schedules;
- iv. Signature and authorization of the bid in accordance with the instructions in the bidding document, including any required power of attorney
- v. Correct bid validity;
- vi. The bid is for all items included in the bidding document, or in a particular lot, if so required by the bidding document;
- vii. Submission of any additional documentation or samples required; and
- viii. Whether the bidder meets the mandatory qualification requirements.

### Guidance Note 3 – Detailed Evaluation

- 1 The detailed evaluation must only be conducted on bids which passed the preliminary examination. The detailed evaluation is conducted to determine whether bids are substantially responsive to the technical and commercial requirements of the bidding document. The technical evaluation is conducted on a pass or fail basis; only bids which are responsive, or substantially responsive, to the requirements of the bidding document are included in the subsequent financial evaluation. Non responsive bids are eliminated from the evaluation.
- 2 The ways of assessing responsiveness will vary considerably between evaluations for goods, works and other services.

### Guidance Note 4 – Determining Responsiveness

- 1 In evaluating bids, the evaluation teams are required to decide whether a bid is responsive (i.e. meets REG/EUCL/EDCL’s requirements) or non-responsive (i.e. does not meet REG/EUCL/EDCL’s requirements).
- 2 In practice, few bids are perfect and therefore the key test is whether a bid is “substantially responsive”. A “substantially responsive” bid is defined as a bid which conforms to all the instructions, requirements, terms and conditions of the bidding document without material deviation, reservation, or omission. In other words, minor (or “non-material”) errors or problems can be accepted by the evaluators or corrected by the bidder, while bids with major (or “material”) errors or problems must be rejected.

## Procurement and Disposal Policies and Procedures

### Evaluation Procedures for Goods, Works and Services

5

- 3 As a general rule, a material deviation, reservation, or omission is one that –
  - i. Affects the scope, quality or performance of the goods, works or other services in a substantial way; or
  - ii. Would limit REG/EUCL/EDCL’s rights or the bidder’s obligations under the contract in a substantial way; or
  - iii. Would unfairly affect the competitive position of other bidders if it were corrected.
- 4 Determining whether a deviation is material or non-material is a decision for the evaluators. The decision must be based on the contents of the bid only. Additional information or previous knowledge of a product or bidder must not be taken into account.
- 5 What is a material or non-material deviation will vary between different bidding procedures, depending on the particular requirements of each. However, decision on what constitute material and on material deviations must be applied consistently to all bids which are part of the same evaluation process.
- 6 In deciding whether deviations are material or not material, the evaluators shall consider the impact on key factors, such as cost, risk, time and quality of the procurement. As guidance only, material deviations, reservations or omissions are likely to include:
  - i. Unacceptable schedules for delivery or completion;
  - ii. Unacceptable technical details, such as design, materials, workmanship, specifications, standards or methodologies; and
  - iii. Unacceptable counter-proposals on key contract terms and conditions, such as payment terms, price adjustment, liquidated damages, sub-contracting or warranty,
- 7 As guidance only, non-material deviations, reservations or omissions are likely to include:
  - i. Minor differences in delivery or completion schedules, where time is not critical;
  - i. The omission of minor terms;
  - ii. Arithmetic errors;
  - iii. Alternative technical details, such as design, materials, workmanship, specifications, standards or methodologies, which are substantially responsive and acceptable to REG/EUCL/EDCL; and
  - iv. Minor amendments to contract terms and conditions, which are acceptable to REG/EUCL/EDCL.
- 8 Where a bid is determined to be substantially responsive, the evaluator may waive, clarify or correct the non-conformity, error or omission in the bid – (see guidance note 5 below for further details).

#### Guidance Note 5 – Bid Clarifications from Bidders and Corrections

## Procurement and Disposal Policies and Procedures

### Evaluation Procedures for Goods, Works and Services

5

- 1 Where information contained in a bid is unclear, the evaluators may seek clarification of the information from the bidder. Clarifications cannot be used to amend the price of the bid (with the exception of the correction of arithmetical errors), to correct material deviations or to make other significant changes to any aspect of the bid.
- 2 Requests for clarifications must be addressed to the bidder in writing and must state that a written response is required by a specified date. The request must also state that failure by the bidder to respond to the request may result in the rejection of his bid.
- 3 Where the bid includes non-material deviations, errors or omissions, the evaluators may choose to accept or to correct them. In order to make the evaluation fair to all bidders, the non-conformity shall be quantified and expressed in monetary terms, wherever possible, this amount shall then be added to the bid price, for purposes of the financial evaluation only, to reflect the price or cost of the missing non-conforming item.
- 4 For example, where a bid for goods does not include the price of a spare part or consumable item, the price of the missing item shall be added to the bid price, using the highest price for the same item from the other bids.
- 5 As a further example, where a bid includes a slightly later delivery date than required by the bidding document and this delay is acceptable to REG/EUCL/EDCL, the late delivery could be quantified and expressed in monetary terms, using the monetary penalties for liquidated damages contained in the draft contract.

#### Guidance Note 6 – Financial Evaluation

- 1 The financial evaluation must only be conducted on bids which were determined to be substantially responsive during the detailed evaluation.
- 2 The financial evaluation is conducted to determine the evaluated price of bids, rank the bids according to their evaluated price and identify the lowest priced bid. This will be the successful bid, which shall be commended for award of contract.
- 3 Unless otherwise required by the instructions in the bidding document, the procedure for determining the evaluated price of each bid is as follows:
  - i. Determine the total bid price, including or excluding particular costs, as indicated in the bidding document e.g. the bidding document may give particular instructions on the inclusion of all taxes and duties in the bid price or the exclusion of provisional sums and contingencies, but the inclusion of competitively priced day works, in bids for works;
  - ii. Correct any arithmetic errors – (see guidance note 7 below);
  - ii. Apply any non-conditional discounts offered by bidders – (see guidance note 8 below);
  - iii. Convert all bids to a single evaluation currency for purposes of comparison, using the currency and the date and source of the exchange rate specified in the bidding document;

## Procurement and Disposal Policies and Procedures

### Evaluation Procedures for Goods, Works and Services

5

- iv. Make adjustments for any non-material, non-conformities, errors or omissions;
- v. Apply any non-price criteria specified in the bidding document;
- vi. Apply any margin of price preference; and determine the total evaluated price of each bid.

#### Guidance Note 7 – Arithmetic Errors

- 1 In conducting a financial evaluation, arithmetic errors shall be corrected by the evaluators. The procedure for correcting arithmetic errors is normally stated in RFP. The procedure is as follows:
- 2 Where no specific procedure is stated in the bidding document, the following procedure shall be applied:
  - i. If there is discrepancy between the unit price and the total price that is obtained by multiplying the unit price and quantity, the unit price shall prevail and the total price shall be corrected, unless in the opinion of the evaluators there is an obvious misplacement of the decimal point in the unit price shall be corrected;
  - ii. If there is an error in a total corresponding to the addition or subtraction of subtotals, the subtotals shall prevail and the total shall be corrected, and
  - iii. If there is a discrepancy between words and figures, the amount in words shall prevail, unless the amount expressed in words is related to an arithmetic error, in which case the amount in figures shall prevail subject to the notes above.
- 3 Bidders shall be notified in writing of any arithmetic corrections made and requested to agree to the corrections in writing.

#### Guidance Note 8 – Discounts

- 1 Bidders are permitted to offer discounts to their bid prices, provided that any discounts are included in their bid. Discounts, or any other change in price, are not permitted after the bid closing date. Non-conditional discounts shall be taken into account in the evaluated price of the bids.
- 2 Prompt payment discounts, which are conditional on prompt payment by REG/EUCL/EDCL, must not be taken into account in the financial evaluations, but shall be included as a contract term, if the bid is accepted.
- 3 If so stated in the bidding document, bidders may be permitted to offer conditional (or cross) discounts i.e. discounts which are conditional on the simultaneous award of contracts for more than one lot. Conditional discounts shall be excluded from the main financial evaluation.
- 4 Following completion of the financial evaluation and determination of the successful bid(s), a further financial comparison shall be conducted to take any conditional discounts into account. This comparison must identify the best overall value for money to



## Procurement and Disposal Policies and Procedures

REG/EUCL/EDCL i.e. the combination of contract awards which offers the lowest total price.

### Guidance Note 9 – Time lines for bid evaluation.

The evaluation of bids shall be conducted within the following time lines after the bids are opened unless there are justifiable reasons to lead to delays (i) (ii) A period not exceeding 21 days for open national competitive bidding

- (i) A period not exceeding 30 days for open international tenders;
- (ii) A period not exceeding 21 days for open national competitive bidding
- (iii) A period not exceeding 14 days for restricted international tenders.
- (iv) A period not exceeding 7 days for restricted national tenders
- (v) A period not exceeding 3 days for request for quotations

### Guidance Note 10 – Requesting Extensions to Bid Validity

- 1 The bid validity period requested in the bidding document shall normally be sufficient to enable REG/EUCL/EDCL to undertake the evaluation, obtain tender committee's approval and place a contract. Therefore, extensions to the validity of bids shall not normally be required.
- 2 Where an extension to the validity of bids is required, all bidders shall be requested, in writing, to extend the validity of their bids for an additional specified period of time. This request shall be issued in a reasonable period before the expiry of the validity of bids, to give sufficient time for responses to be received. Bidders must not be permitted to change the price, or any other details, of their bid, when extending the validity.
- 3 Where a bid security is required, bidders extending the validity of their bids must also extend the validity of their bid securities by the same period time.

### Documents/Records Required

- 1 The approved evaluation report, and all supporting documents used in conducting the evaluation, shall be kept on the procurement file.
- 2 Minutes of evaluation meetings and copies of all correspondence with bidders, such as letter relating to clarifications, the correction of arithmetic errors or extensions of the bid validity, shall also be kept on the procurement file.
- 3 The evaluation report shall include at least the following information:
  - i. The results of the preliminary examination;
  - ii. The results of the detailed technical and commercial evaluation;

## Procurement and Disposal Policies and Procedures

### Evaluation Procedures for Goods, Works and Services

5

- iii. Any bids which were rejected and the reasons for rejection;
  - iv. Details of any non-material deviations, errors or omissions accepted, clarified or corrected and, where relevant, the way in which deviations or omissions have been quantified and taken into account in the financial evaluations;
  - v. The price of each bid read out at the bid opening;
  - vi. The evaluated price of each bid, following any correction of adjustments to the price and the conversion to a single currency;
  - vii. The ranking of the bids, according to their evaluated price;
  - viii. A statement of which bid has the lowest evaluated price and is therefore the successful bid; and;
  - ix. Results of any post-qualifications.
- 4 The evaluation report shall contain clear recommendations to the tender committee on:
- i. The successful bid and the price of the proposed contract, and
  - i. Whether any negotiations shall be held with the successful bidder.
- 5 The evaluation report shall be signed by all staff who have been involved in the evaluation.

#### Next Steps:

- 1 Proceed and prepare for post-qualification is required, then:
- 2 Where no negotiations are required:
  - i. Proceed to Issue a provisional notification of contract award under the Open Bidding, Restricted Bidding method and Request for Proposals.
  - ii. Prepare final notification of contract award;
  - iii. Prepare the contract document and avail it for signature by the MD
  - iv. Proceed to issue a purchase order under the Request for Quotations methods.

#### Key Control Processes

- 1 Tender committee's approval is required for the completed evaluation report. No communications accepting or rejecting any bid, or indicating which the successful bid is, must be sent to any bidder before this approval is obtained.

## Procurement and Disposal Policies and Procedures

### General Evaluation Procedures for Consultancy Services 5.1

#### Policy Statement

This guideline sets out general procedures for evaluating proposals for consultancy services. It must be read in conjunction with the relevant procedures for the particular evaluation method to be used, which will be either: Quality and cost based selection (QCBS); Quality based selection (QBS); or Least cost selection (LCS).

Precise evaluation procedures vary between the different methodologies, but all consist of three stages:

- 1 A preliminary examination, to eliminate proposals which do not comply with the basic requirements of the request for proposals document and bidders who do not meet mandatory qualification requirements;
- 2 A detailed evaluation, to determine whether proposals are responsive to the terms of reference in the request for proposals document, to assess the relative quality of the proposals, using a scoring system and to determine which proposals shall proceed to the financial opening and evaluation;
- 3 A financial evaluation to examine the prices of the proposal or proposals and determine which is the successful proposal and shall be recommended for award of contract.

#### Policy Objective

The purpose of evaluations for consultancy services is to assess and compare all proposals received, in an objective manner, using a pre-defined method and criteria, in order to determine the most successful bidder, who shall be awarded a contract. A well conducted evaluation for consultancy services shall ensure that:

- 1 Competition is fair and that all bidders have an equal opportunity of winning public funded contracts;
- 2 The consultant selected has appropriate staff and experience to successfully perform the services; and
- 3 The consultancy services to be undertaken the contract to offer REG/EUCL/EDCL an appropriate balance of quality and cost, depending on the objectives and circumstances of the procurement requirement.

#### Documents

- 1 *REG/EUCL/EDCL procurement user Manual*
- 2 *Minutes of the Evaluation Meeting*
- 3 *Evaluation Report*
- 4 *Minutes of bid opening meeting*

## Procurement and Disposal Policies and Procedures

### General Evaluation Procedures for Consultancy Services 5.1

#### Responsibility

- 1 *The tender committee (or otherwise delegated to the evaluation team) has the overall responsibility for evaluations, but will invite a number of other staff to assist in awarding scores to each proposal. These will be staff with technical knowledge of the services and who are able to represent the user department of the services.*

#### Procedures

- 1 Review the provisions specified in the request for proposals document and ensure that it is understood. Review and list the requirements, instructions, terms of reference and evaluation criteria specified in the request for proposals document, and the maximum number of points allocated to each criterion and ensure that these are clearly understood. Seek clarification from the person responsible for writing the request for proposals document, where necessary. The evaluation must apply the criteria and scores specified in the request for proposals document, and no new or varied criteria;
- 2 Conduct a preliminary examination – *(see guidance note 2 below for further details)*. Eliminate proposals which do not pass the preliminary examination;
- 3 Conduct a review of the terms of reference, the criteria and the maximum number of points for each specified in the request for proposals document and ensure that they are fully understood by all evaluators;
- 4 Conduct a detailed technical evaluation on the proposals which passed the preliminary examination, using the scoring system – *(see guidance note 3 below for further details)*;
- 5 Conduct interviews if required – *(see guidance note 4 below for further details)*;
- 6 Determine which proposal or proposals shall proceed to the financial opening and evaluation, according to the selection method;
- 7 Prepare a technical evaluation report for submission to the Tender Committee for approval;
- 8 Notify bidders whose proposals are being rejected, stating that their financial proposals will be returned unopened after completion of the evaluation process;
- 9 Notify bidders whose financial proposals are to be opened of the date, time and location for the financial bid opening and conduct the bid opening.
- 10 Start the financial evaluation by determining the evaluated price of each proposal – *(see guidance note 5 below for further details. See also guidance note 6 on the correction of arithmetic errors)*.
- 11 Complete the financial evaluation and determine the successful proposal.
- 12 Prepare an evaluation report for submission to the Tender Committee for approval – *(see Documents/Records Required for details of the contents of the report)*;

## Procurement and Disposal Policies and Procedures

### General Evaluation Procedures for Consultancy Services 5.1

- 13 Request bidders to extend the validity of their proposals at any point during this process if required – (*see guidance note 7 for details of the procedure*).

#### Guidance Note 1 – Selecting Staff to Conduct Evaluations

- 1 The evaluation team has the overall responsibility for conducting evaluations and preparing evaluation reports, to be submitted to the tender committee for approval. However, evaluations for consultancy services will always require inputs from other staff, as scoring point systems require scores to be given by a number of staff, in order to arrive at an average score.
- 2 Where the process of evaluation is to be delegated to the ad hoc tender committee, the tender committee together with the head of the procurement unit must select the most appropriate members of staff to provide inputs to an evaluation, with particular attention to those responsible for awarding scores. Staff involved in awarding scores to proposals for consultancy services must have knowledge or experience of the services being procured and the evaluators must include staff who are able to represent the needs of the user department;
- 3 In identifying staff to provide inputs to an evaluation or to be members of an evaluation team, the head of the Procurement Unit must consider the type of skills, knowledge or experience needed, which might include:
  - i. Procurement and contracting skills;
  - ii. Technical knowledge;
  - iii. Financial management skills;
  - iv. Legal expertise;
  - v. Representation by the end user; and
  - vi. Specialist knowledge or experience, such as SME promotion programmes or preference schemes.

#### Guidance Note 2 – Preliminary Examination

- 1 The preliminary examination is conducted to determine whether proposals comply with the basic instructions and requirements of the request for proposals document. It enables the evaluators to eliminate the weakest proposals, without the time and effort spent in conducting a detailed evaluation. The preliminary examination can also be used to assess whether bidders meet the mandatory qualification requirements.
- 2 The preliminary examination is conducted on a pass or fail basis, with proposals that are not substantially compliant being rejected. The criteria to be used for the preliminary examination depend on the requirements and instructions of the request for proposals document, so the preliminary examination must always start with a review of the request for proposals document to list the requirements to be met. As guidance only, the preliminary examination might typically include checks of the following:

## Procurement and Disposal Policies and Procedures

### General Evaluation Procedures for Consultancy Services 5.1

- i. submission of an original and the correct number of copies of the proposal;
- ii. submission of all forms and documents required, including, in particular the proposal submission form;
- iii. signature and authorization of the proposal in accordance with the instructions in the request for proposals document, including any required power of attorney;
- iv. Signature of curriculum vitae by proposed consultants, if required;
- v. Submission of a separately sealed financial proposal;
- vi. Correct proposal validity;
- vii. Submission of any additional documentation required; and
- viii. Whether the bidder meets the mandatory qualification requirements.

#### **Guidance Note 3 – Detailed Evaluation using the Scoring System**

- 1 The detailed evaluation must only be conducted on proposals which were determined to be substantially responsive during the preliminary examination.
- 2 The scoring system is used to assess the relative quality of proposals. A variable number of points are awarded to each proposal for pre-determined criteria out of a maximum number of points stated in the request for proposals document. This gives a score indicating the relative quality of each proposal. The scores of several evaluators are used to calculate an average score for each proposal, which becomes the total technical score for that proposal
- 3 The procedure for scoring systems is as follows:
  - i. All evaluators shall jointly discuss the criteria and any sub-criteria, to ensure that all evaluators have a common understanding of the criteria and their relative importance.
  - ii. Each evaluator shall conduct an evaluation of each proposal, independently from all other evaluators. Consider each proposal and award scores out of the maximum number of points against each criterion. Record all scores and sign the score sheet.
  - iii. The Tender Committee will collect scores, compile them on a single score sheet and calculate average scores for each proposal. To calculate the average, add the scores of all evaluators together and divide by the number of evaluators;
  - iv. The Tender Committee will compare the scores of each evaluator for each proposal, in order to check that there has been a consistency of approach and a common understanding of the criteria and each proposal. Any significant deviations from the average score or inconsistencies in scoring shall be identified and evaluators may be called upon to explain their scores, at a meeting of all evaluators.
  - v. In exceptional cases, where the evaluators agree that there has not been a consistency of approach or where discussions reveal a misunderstanding of a

## Procurement and Disposal Policies and Procedures

### General Evaluation Procedures for Consultancy Services 5.1

criterion, the scoring method or a proposal, one or more evaluator may be permitted to adjust his individual scores. No evaluator shall be obliged to make adjustments to his scores. The original score sheets must be retained and revised scores recorded on a new score sheet. Where any scores are revised, the Tender Committee will collect and compile scores again and recalculate the average score for each proposal.

- 4 The proposals which pass the detailed evaluation and proceed to the financial evaluation are determined by the individual evaluation method.

#### Guidance Note 4 - Conducting Interviews

- 1 Interviews may be conducted as part of a scoring system, provided that this was clearly stated in the RFP document. Bidders must be given reasonable notice of the arrangements for any interview. REG/EUCL/EDCL shall be flexible as to the precise date and time for the interview, to give the bidder a reasonable opportunity to attend, particularly where foreign bidders are invited for interview.
- 2 Interviews shall be conducted after evaluation against all other technical evaluation criteria. In the case of QCBS and LCS, only bidders who are still able to reach the minimum technical threshold shall be invited for interview. In the case of QBS, only bidders who are still able to attain the highest technical score shall be invited for interview.
- 3 Interviews shall only be held with key staff or consultants of the bidder, such as the team leader. Interviews shall be managed by the Tender Committee, but involve the staff responsible for the evaluation, or nominated representatives from among those staff. The questions to be addressed at the interview shall be planned and agreed in advance by all staff involved in the evaluation. Detailed minutes must be kept of the interview and of the subsequent discussion and decision on the number of points to be awarded. These minutes shall form part of the technical evaluation report.

#### Guidance Note 5 – Financial Evaluation

- 1 The proposal or proposals proceeding to the financial evaluation will be determined by the relevant method for the technical evaluation. The financial evaluation is conducted to determine the evaluated price of proposals, compare the proposals and determine the successful proposal i.e. the proposal which shall be recommended for award of contract. The financial evaluation and the determination of the successful proposal differ between different evaluation methodologies.
- 2 Unless otherwise required by the evaluation method or the instructions in the request for proposals document, the procedure for determining the evaluated price of each proposal is as follows:
  - i. Determine the total proposal price, including or excluding particular costs, as indicated in the request for proposals document e.g. the request for proposals document may state that all taxes and duties are to be included in the evaluation;

## Procurement and Disposal Policies and Procedures

### General Evaluation Procedures for Consultancy Services 5.1

- ii. Correct any arithmetic errors – (see guidance note 6 below);
- iii. Assess whether all items are included in the proposal price and add the cost of any missing items;
- iv. Convert all proposals to a single evaluation currency for purposes of comparison, using the currency and the date and source of the exchange rate specified in the request for proposals document;
- v. Apply any margin of price preference;
- vi. Determine the total evaluated price of each proposal.

#### Guidance Note 6 – Arithmetic Errors

- 1 In conducting a financial evaluation, arithmetic errors shall be corrected by the evaluators. The procedure for correcting arithmetic errors is normally stated in the RFP and the procedure stated must be used.
- 2 Where no specific procedure is stated in the request for proposals document, the following procedure shall be applied:
  - i. If there is a discrepancy between the unit price and the total price that is obtained by multiplying the unit price and quantity, the unit price shall prevail and the total price shall be corrected, unless in the opinion of the evaluators there is an obvious misplacement of the decimal point in the unit price, in which case the total price as quoted shall govern and the unit price shall be corrected;
  - ii. If there is an error in a total corresponding to the addition or subtraction of subtotals, the subtotals shall prevail and the total shall be corrected; and
  - iii. If there is a discrepancy between words and figures, the amount in words shall prevail, unless the amount expressed in words is related to an arithmetic error, in which case the amount in figures shall prevail subject to the notes above.
- 3 Bidders shall be notified in writing of any arithmetic corrections made and requested to agree the corrections in writing.

#### Guidance Note 7 – Requesting Extensions to Proposal Validity

- 1 The proposal validity period requested in the request for proposals document shall normally be sufficient to enable REG/EUCL/EDCL to undertake both the technical and financial evaluations. Therefore, extensions to the validity of proposals shall not normally be required.
- 2 Where an extension to the validity of proposals is required, all bidders shall be requested, in writing, to extend the validity of their proposals for an additional specified period of time. This request shall be issued in reasonable period before the expiry of the validity of proposals, to give sufficient time for responses to be received. Bidders must not be permitted to change their financial proposal, or any details of their proposal, when extending the validity.



## Procurement and Disposal Policies and Procedures

### General Evaluation Procedures for Consultancy Services 5.1

**Documents/Records Required:**

- 1 The approved technical and financial evaluation reports, and all supporting documents used in conducting the evaluation, such as signed individual score sheets, must be kept on the procurement file.

**Next Steps:**

- 1 Conduct negotiations,
- 2 Proceed to Issue a provisional notification of contract award under the Open Bidding, Restricted Bidding method and Request for Proposals.
- 3 Prepare final notification of contract award;
- 4 Prepare the contract document and avail it for signature by MD.

**Key Control Processes**

- 1 Tender committee's approval is required for the completed technical evaluation report, prior to proceeding with the financial bid opening and evaluation. The tender committee's approval is subsequently required for the financial evaluation report. No communications accepting any proposal, or indicating which the successful proposal is, must be sent to any bidder before this approval is obtained.

## Procurement and Disposal Policies and Procedures

### Evaluating Proposal for Consultancy Services using QCBS

5.2

#### Policy Statement

This guideline provides the standard operating procedure for the evaluation of proposals for consultancy services, using the QCBS method.

The evaluation method for QCBS consists of three stages:

- 1 a preliminary examination, to eliminate proposals which do not comply with the basic requirements of the RFP document and bidders who do not meet mandatory qualification requirements;
- 2 a detailed technical evaluation to assess the quality of proposals, using a scoring system and to eliminate proposals which do not meet the specified minimum score;
- 3 a financial evaluation to compare the costs of proposals which reached the minimum score, to award financial scores and to weight the technical and financial scores to give a total score for each proposal.

The successful proposal will be the proposal with the highest total score.

#### Policy Objective

The purpose of the QCBS evaluation method is to determine the proposal which offers the best overall value to REG/EUCL/EDCL, taking into account both the quality and the price of proposals.

#### Documents

- 1 *Minutes of the evaluation meeting*
- 2 *Evaluation report*
- 3 *Minutes of the bid opening meeting*

#### Responsibility

- 1 *The Tender Committee (or as may be delegated to the evaluation team) has the overall responsibility for evaluations using the QCBS method, but will invite several staff, with knowledge of the type of consultancy services required, to evaluate the technical aspects of the proposals and award scores.*

#### Procedure

- 1 Review the basic requirements of the RFP document and conduct a preliminary examination. Eliminate proposals which are not substantially responsive;
- 2 Conduct a review of the terms of reference, the criteria and the maximum number of points for each specified in the request for proposals document and ensure that they are fully understood by all evaluators. Seek clarification from the person responsible for

## Procurement and Disposal Policies and Procedures

### Evaluating Proposal for Consultancy Services using QCBS 5.2

- writing the request for proposals document or drafting the terms of reference, where necessary;
- 3 Conduct a detailed technical evaluation, assessing whether the proposals are responsive to the terms of reference and awarding scores, to determine the (average) technical score of each proposal.
  - 4 Compare the technical score of each proposal against the minimum qualifying technical score specified in the RFP document. Eliminate any proposals which do not reach this threshold or which the evaluators agree are not responsive to important aspects of the terms of reference;
  - 5 Prepare a technical evaluation report and seek the tender committee's approval for the report;
  - 6 Notify bidders whose proposals are being rejected, stating that their financial proposals will be returned unopened after completion of the evaluation process;
  - 7 Notify bidders whose proposals reached the threshold of the date, time and location for the financial bid opening and conduct the bid opening.
  - 8 Start the financial evaluation by determining the evaluated price of each proposal;
  - 9 Award financial scores to each proposal, based on their evaluated price;
  - 10 Weight the technical and financial scores, using the weights stated in the RFP document and add the weighted scores together to obtain the total score for each proposal – (*see guidance note 2 below for details*);
  - 11 Rank the proposals according to their total scores. Identify the proposal with the highest total score, which will be the successful proposal;
  - 12 Prepare a financial evaluation report and seek the tender committee's approval for the report.

#### Guidance Note 1 – Awarding Financial Scores

Financial scores must be awarded using the method specified in the RFP document. This is normally as follows:

- 1 the lowest priced proposal is given a financial score of 100
- 2 all other proposals are given a financial score proportionate to this, using the formula  

$$S_f = 100 \times F_m / F$$
in which  
*S<sub>f</sub>* denotes the financial score of the proposal under consideration;  
*F<sub>m</sub>* is the price of the lowest price proposal;  
*F* denotes the price of the proposal under consideration.

#### Guidance Note 2 – Weighting Scores to Calculate the Total Score

## Procurement and Disposal Policies and Procedures

### Evaluating Proposal for Consultancy Services using QCBS 5.2

The technical and financial scores must be weighted using the weights stated in the RFP document. This is normally in the range of 70-90% for the technical score and in the range of 10-30% for the financial score. The combined weights must always total 100%.

- 1 To determine the weighted scores, multiply the actual technical and financial scores by the percentage weights stated in the RFP document.
- 2 To determine the total score, simply add the weighted technical and financial scores together.

#### **Documents/Records Required:**

- 1 The approved technical and financial evaluation reports, and all supporting documents used in conducting the evaluation, such as signed individual score sheets and minutes of meetings of the evaluators, must be kept on the procurement file.
- 2 Evaluation reports must be signed by all staff who have been involved in the evaluation.
- 3 The technical evaluation report shall include the following information:
  - i. The results of the preliminary examination;
  - ii. The technical scores of each evaluator for each proposal;
  - iii. A summary of the relative strengths and weaknesses of each proposal;
  - iv. Any proposals which were rejected for being non responsive to important aspects of the terms of reference and the reasons;
  - v. An analysis of any discrepancies in scores between evaluators and a summary of any discussions held and adjustments made;
  - vi. The total technical score for each proposal;
  - vii. Which proposals reached the minimum qualifying technical score and a recommendation to open the financial proposals of these bidders; and
  - viii. A recommendation to reject all other proposals.
- 4 The financial evaluation report shall include the following information:
  - i. The total proposal prices and technical scores read out at the financial proposal opening;
  - ii. The evaluated price of each proposal, following any corrections or adjustments to the price and the conversion to a single currency;
  - iii. The financial scores of each proposal and the method for allocating financial scores;
  - iv. The weighting of technical and financial scores;
  - v. The total score for each proposal; and

## Procurement and Disposal Policies and Procedures

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### Evaluating Proposal for Consultancy Services using QCBS 5.2

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- vi. A statement of which proposal had the highest total score and is therefore the successful proposal.
- 5 The financial evaluation report must contain clear recommendations on:
- i. The successful proposal and the price of the proposed contract; and
  - ii. Whether any negotiations shall be held with the successful bidder.

#### Next Steps:

- 1 Conduct negotiations;
- 2 Proceed to Issue a provisional notification of contract award under the Open Bidding, Restricted Bidding method and Request for Proposals.
- 3 Prepare final notification of contract award;
- 4 Prepare the contract document and avail it for signature by the MD

#### Key Control Processes

- 1 The tender committee's approval is required for the technical evaluation report prior to the opening of financial proposals. The same approval is then required for the financial evaluation report.

## Procurement and Disposal Policies and Procedures

### Evaluating Proposal for Consultancy Services using QBS

5.3

#### Policy Statement

This guideline provides the standard operating procedure for the evaluation of proposals for consultancy services, using the QBS method.

The evaluation method for QBS consists of three stages:

- 1 A preliminary examination, to eliminate proposals which do not comply with the basic requirements of the RFP document and bidders who do not meet mandatory qualification requirements;
- 2 A detailed technical evaluation to assess the quality of proposals, using a scoring system and to determine the highest quality proposal;
- 3 A financial evaluation to examine the financial proposal of the bidder with the highest technical score only and prepare for any negotiations.

The successful proposal will be the proposal with the highest technical score.

#### Policy Objective

The purpose of the QBS evaluation method is to determine the proposal which offers the best quality for REG/EUCL/EDCL, without any reference to price, where obtaining the highest possible technical quality is the main objective of the procurement.

#### Documents

- 1 *REG/EUCL/EDCL procurement user Manual*
- 2 *Minutes of the Evaluation meeting*
- 3 *Evaluation report*
- 4 *Minutes of bid opening meeting*

#### Responsibility

- 1 *The Tender Committee (or otherwise delegated) has the overall responsibility for evaluations using the QBS method, but will invite several staff, with knowledge of the type of consultancy services required, to evaluate the technical aspects of the proposals and award scores.*

#### Procedure

- 1 Review the basic requirements of the RFP document and conduct a preliminary examination. Eliminate proposals which are not substantially responsive;
- 2 Conduct a review of the terms of reference, the criteria and the maximum number of points for each specified in the request for proposals document and ensure that they are fully understood by all evaluators. Seek clarification from the person responsible for

## Procurement and Disposal Policies and Procedures

### Evaluating Proposal for Consultancy Services using QBS

5.3

- writing the request for proposals document or drafting the terms of reference, where necessary;
- 3 Conduct a detailed technical evaluation, assessing whether the proposals are responsive to the terms of reference and awarding scores, to determine the (average) technical score of each proposal.
  - 4 Rank the proposals according to their technical scores. Identify the proposal with the highest technical score, which will be the successful proposal, subject to satisfactory negotiations. Eliminate all other proposals;
  - 5 Prepare a technical evaluation report and seek the tender committee's approval for the report;
  - 6 Notify bidders whose proposals did not obtain the highest technical score that their proposals are not proceeding to the financial evaluation and that their financial proposals will be returned unopened after completion of the evaluation process. The letter shall not reject the proposals at this stage, but shall state that they may be considered for financial evaluation and negotiations, if negotiations with the highest ranked bidder fail;
  - 7 Notify the bidder whose proposal obtained the highest technical score of the date, time and location for the financial bid opening and conduct the bid opening;
  - 8 Examine the financial proposal, correcting any arithmetic errors and checking whether all relevant costs have been included in the proposal. Assess whether the proposal prices offer value for money to REG/EUCL/EDCL, decide whether negotiations are required and prepare for negotiations;
  - 9 Prepare a financial evaluation report and seek the tender committee's approval for the report.

#### Documents/Records Required:

- 1 The approved technical and financial evaluation reports, and all supporting documents used in conducting the evaluation, such as signed individual score sheets and minutes of meetings of the evaluators, must be kept on the procurement file. Evaluation reports must be signed by all staff who have been involved in the evaluation.
- 2 The technical evaluation report shall include the following information:
  - i. The results of the preliminary examination;
  - ii. The technical scores of each evaluator for each proposal;
  - iii. A summary of the relative strengths and weaknesses of each proposal;
- 3 Any proposals which were rejected for being non responsive to important aspects of the terms of reference and the reasons:
  - i. An analysis of any discrepancies in scores between evaluators and a summary of any discussions held and adjustments made;
  - ii. The total technical score for each proposal;

## Procurement and Disposal Policies and Procedures

### Evaluating Proposal for Consultancy Services using QBS 5.3

- iii. Which proposal obtained the highest technical score and a recommendation to open the financial proposal of this bidder only;
  - iv. A recommendation to reject all other proposals, following conclusion of a contract with the successful bidder.
- 4 The financial evaluation report shall include the following information:
- i. The total proposal price and technical score read out at the financial proposal opening;
  - ii. The evaluated price of the proposal, following any corrections or adjustments to the price;
  - iii. A statement that this proposal had the highest technical score and is therefore the successful proposal, subject to satisfactory negotiations;
  - iv. Recommendations regarding any required negotiations with the bidder.

#### Next Steps:

- 1 Conduct negotiations;
- 2 Proceed to Issue a provisional notification of contract award under the Open Bidding, Restricted Bidding method and Request for Proposals.
- 3 Prepare final notification of contract award;
- 4 Prepare the contract document and avail it for signature by MD.

#### Key Control Processes

- 1 The tender committee's approval is required for the technical evaluation report prior to the opening of the financial proposal of the best ranked bidder. The same approval is then required for the financial evaluation report, following completion of the evaluation and prior to any negotiations.
- 2 The tender committee's approval will be required for the opening of any other financial proposals, where negotiations with the highest ranked bidder fail.



## Procurement and Disposal Policies and Procedures

### Evaluating Proposal for Consultancy Services using LCS

5.4

#### Policy Statement

This guideline provides the standard operating procedure for the evaluation of proposals for consultancy services, using the LCS method.

The evaluation method for LCS consists of three stages:

- 1 A preliminary examination, to eliminate proposals which do not comply with the basic requirements of the RFP document and bidders who do not meet mandatory qualification requirements;
- 2 A detailed technical evaluation to assess the quality of proposals, using a scoring system and to eliminate proposals which do not meet the specified minimum score;
- 3 A financial evaluation to compare the costs of proposals which reached the minimum score and determine which is the lowest priced proposal.
- 4 The successful proposal will be the proposal with the lowest evaluated price.

#### Policy Objective

The purpose of the LCS evaluation method is to determine the lowest priced proposal, which meets the minimum quality standard set by REG/EUCL/EDCL in the RFP document. This ensures that REG/EUCL/EDCL purchases consultancy services of the required standard, but does not pay any more than necessary for those services.

#### Documents

- 1 REG/EUCL/EDCL procurement user manual
- 2 *Minutes of the evaluation meeting*
- 3 *Evaluation Report*

#### Responsibility

- 1 *The Tender Committee (or as otherwise delegated to the evaluation team) has the overall responsibility for evaluations using the LCS method, but will invite several staff, with knowledge of the type of consultancy services required, to evaluate the technical aspects of the proposals and award scores.*

#### Procedures

- 1 Review the basic requirements of the RFP document and conduct a preliminary examination. Eliminate proposals which are not substantially responsive;
- 2 Conduct a review of the terms of reference, the criteria and the maximum number of points for each specified in the request for proposals document and ensure that they are fully understood by all evaluators. Seek clarification from the person responsible for

## Procurement and Disposal Policies and Procedures

### Evaluating Proposal for Consultancy Services using LCS

5.4

- writing the request for proposals document or drafting the terms of reference, where necessary;
- 3 Conduct a detailed technical evaluation, assessing whether the proposals are responsive to the terms of reference and awarding scores, to determine the (average) technical score of each proposal;
  - 4 Compare the technical score of each proposal against the minimum qualifying technical score specified in the RFP document. Eliminate any proposals which do not reach this threshold or which the evaluators agree are not responsive to important aspects of the terms of reference;
  - 5 Prepare a technical evaluation report and seek the tender committee's approval for the report
  - 6 Notify bidders whose proposals are being rejected, stating that their financial proposals will be returned unopened after completion of the evaluation process;
  - 7 Notify bidders whose proposals reached the threshold of the date, time and location for the financial bid opening and conduct the bid opening;
  - 8 Start the financial evaluation by determining the evaluated price of each proposal;
  - 9 Rank the proposals according to their evaluated price. Identify the proposal with the lowest price, which will be the successful proposal;
  - 10 Prepare a financial evaluation report and seek tender committee's approval for the report.

#### **Documents/Records Required:**

- 1 The approved technical and financial evaluation reports, and all supporting documents used in conducting the evaluation, such as signed individual score sheets and minutes of meetings of the evaluators, must be kept on the procurement file. Evaluation reports must be signed by all staff who have been involved in the evaluation.
- 2 The technical evaluation report shall include the following information:
  - i. The results of the preliminary examination;
  - ii. The technical scores of each evaluator for each proposal;
  - iii. A summary of the relative strengths and weaknesses of each proposal;
  - iv. Any proposals which were rejected for being non responsive to important aspects of the terms of reference and the reasons.
  - v. An analysis of any discrepancies in scores between evaluators and a summary of any discussions held and adjustments made;
  - vi. The total technical score for each proposal;
  - vii. A recommendation to reject all other proposals, following conclusion of a contract with the successful bidder.

## Procurement and Disposal Policies and Procedures

### Evaluating Proposal for Consultancy Services using LCS

5.4

- 3 The financial evaluation report shall include the following information:
  - i. The total proposal price and technical score read out at the financial proposal opening;
  - ii. The evaluated price of the proposal, following any corrections or adjustments to the price;
  - iii. A statement that this proposal scored above the minimum qualifying mark and had the lowest evaluated price and is therefore the successful proposal, subject to satisfactory negotiations;
  - iv. Recommendations regarding any required negotiations with the bidder.

#### **Next Steps:**

- 1 Conduct negotiations
- 1 Proceed to Issue a provisional notification of contract award under the Open Bidding, Restricted Bidding method and Request for Proposals.
- 2 Prepare final notification of contract award;
- 3 Prepare the contract document and avail it for signature REG/EUCL/EDCL authorized signatory.

#### **Key Control Processes**

- 1 Tender committee's approval is required for the technical evaluation report prior to the opening of financial proposals.
- 2 Tender committee's approval is then required for the financial evaluation report, following completion of the evaluation.

## Procurement and Disposal Policies and Procedures

### Conducting a Post - Qualification

5.5

#### Policy Statement

This guideline explains the procedure for conducting a post qualification (due diligence) on the successful bidder, to establish whether the bidder is qualified to perform the proposed contract satisfactorily specifying at least the; previous performance track record by the main company or affiliated companies elsewhere, ownership, background information, technical and financial capabilities, members of the board and etc. It also provides procedures for verifying pre-qualification information, following the evaluation process.

Any tender estimated to cost more than 500 million Rwf (or otherwise decided by the Tender Committee) before is awarded, shall need a separate due diligence.

#### Policy Objective

Post-qualification is conducted to check whether a successful bidder has the resources, experience and qualifications required to satisfactorily perform a contract. As post-qualification is conducted before a contract is awarded, and the contract denied if the bidder is not qualified as per the information it provided as it shall reduce the likelihood of defaulting or poor performance under a contract.

#### Documents

- 1 *Standard Bidding Documents*

#### Responsibility

- 1 *Post-qualification will be conducted by the member of the evaluation team which is responsible for the evaluation (or by any other person formally delegated/appointed by the tender committee or the MD). Where required, technical advice will be sought, from the member of staff who provided technical inputs to the evaluation.*

#### Procedure

##### Procedures for Post-Qualification:

- 1 Identify the successful bidder through the evaluation process;
- 2 Review the bidding document for details of the post-qualification criteria set and the evidence of post-qualification requested from bidders;
- 3 Examine the evidence submitted by the successful bidder and assess whether it meets the criteria. Seek clarifications or updated information from the bidder if required;
- 4 Where the best evaluated bid is qualified, include this information in the evaluation report and proceed to submit the completed report, with the recommendation for award of contract, to the tender committee for approval;

## Procurement and Disposal Policies and Procedures

### Conducting a Post - Qualification

5.5

- 5 Where the best evaluated bid is not qualified, conduct a post-qualification check on the bidder with the next lowest evaluated price and repeat this process as required until a qualified bidder is identified. Include the results of all post-qualification checks in the evaluation report, which shall be submitted to the tender committee for approval, with reasons why any bidder was determined not to be qualified and a clear recommendation for contract award. Bidders must not be rejected prior to obtaining tender committee's approval of the post-qualification results.

#### **Procedure for Verification of Pre-Qualification Information:**

- 1 Identify the successful bidder through the evaluation process;
- 2 Review the pre-qualification document for details of the post-qualification criteria set and the bidding document for updated information requested from bidders;
- 3 Examine the updated information submitted by the successful bidder and assess whether it still meets the original pre-qualification criteria. Seek clarifications or further updates from the bidder as required;
- 4 Where the successful bidder is still qualified, include this confirmation in the evaluation report and proceed to submit the completed report, with the recommendation for award of contract, to the tender committee for approval;
- 5 Where the successful bidder is no longer qualified, verify the pre-qualification information of the bidder with the next lowest evaluated price and repeat this process as required until a qualified bidder is identified. Include the results of all checks on pre-qualified bidders in the evaluation report, which shall be submitted to the tender committee for approval, with reasons why any bidder was determined to no longer be qualified and a clear recommendation for contract award. Bidders must not be rejected prior to obtaining tender committee's approval of the post-qualification results.

#### **Documents/Records Required:**

- 1 A record of the post-qualification must be completed and kept on the procurement file. A summary of the post-qualification results must be included in the evaluation report.

#### **Next Steps:**

- 1 Post-qualification is normally conducted at the end of the evaluation process, prior to completion of the evaluation report.

#### **Key Control Processes**

- 1 Tender committee's approval for the results of the post-qualification will be required. This shall be obtained by inclusion of the post-qualification results in the evaluation report.

## Procurement and Disposal Policies and Procedures

### Conducting Negotiations

5.6

#### Policy Statement

This procedure provides guidance on when negotiations are permitted, what areas may be subject to negotiations and the procedure for holding negotiations with a bidder.

#### Policy Objective

The purpose of negotiations is to discuss and finalise certain details of a contract with the successful bidder, prior to contract placement. Negotiations shall lead to a contract which is acceptable to both parties and therefore reduce the likelihood of disputes or the need for contract amendments.

Negotiations shall covers but is not limited to the specifications, ToR, SoW, BoQ, quantities of items, key deliverables, methodology, work schedule plan, key staff, financial offers (for example discounts, price reductions etc.) and reports.

#### Documents

- 1 *Minutes of the negotiation meeting*
- 2 *Bids,*
- 3 *Evaluation Report*

#### Responsibility

- 1 *The evaluation team has the overall responsibility for negotiations, but may require technical input from the user department, or other technical specialists.*

#### Procedure

- 1 The head of the procurement unit shall assist the tender committee in identifying appropriate member(s) of staff to manage the negotiations – (*see guidance note 1 below for assistance in selecting staff*);
- 2 Invite the successful bidder for negotiations, proposing the time, date and location for negotiations. The invitation letter may state that the bidder's bid has been evaluated as the successful bid, but it is important that no contractual commitment is made to the bidder i.e. the letter must not make any reference to the bid being accepted or a contract being awarded;
- 3 The negotiators can begin by reviewing the bidding document, the bid from the successful bidder and the evaluation report;
- 4 Identify areas where negotiations are required – (*see guidance note 2 below for areas which negotiations are permitted to cover*). For each area, identify the objectives which EDCL wish to achieve. Where possible, quantify these objectives and set maximum and minimum negotiating parameters;

## Procurement and Disposal Policies and Procedures

### Conducting Negotiations

5.6

- 5 Hold the negotiations with the successful bidder. It is important that the negotiators do not commit EDCL to any arrangements or agreements during the negotiations;
- 6 Prepare a record of the negotiations and make recommendations on how to proceed – (*see guidance note 3 below for assistance on likely recommendations*);
- 7 Seek tender committee’s approval for the recommendations and proceed as appropriate;
- 8 Where the recommendation is for further negotiations with the successful bidder or negotiations with the next bidder, repeat this process.

#### **Guidance Note 1 – Selecting Staff to Conduct Negotiations**

- 1 The tender committee (or otherwise delegated) has the overall responsibility for conducting negotiations and making recommendations on the results to the MD. However, negotiations will always be conducted by a minimum of three people, who will include staff with technical knowledge of the goods, works or services being procured and who are able to represent the needs of the user department.
- 2 The head of the procurement unit shall assist the tender committee in selecting the most appropriate members of staff to conduct negotiations. Where it offers benefits of continuity or significantly reduces the amount of preparation work required, staff who contributed to the evaluation shall be used, as they will already be familiar with the requirements of REG/EUCL/EDCL, as defined in the bidding document, the contents of the successful bid, the reasons why negotiations were recommended, the areas requiring negotiations and the objectives of those negotiations. The appropriate number and type of staff will depend on the type, value and complexity of the procurement, the areas which require negotiations and the extent of the negotiations.
- 3 In identifying staff to be involved with negotiations, the head of the procurement unit must consider the type of skills, knowledge or experience needed, which might include:
  - i. Procurement and contracting skills, including experience of negotiations;
  - ii. Technical knowledge;
  - iii. Legal expertise;
  - iv. Representation by the user department.

#### **Guidance Note 2 – Areas which may be subject to Negotiations**

- 1 Negotiations may relate to the price of bids or proposals, but not the substance of the tender. negotiations may normally relate to the following areas:
  - i. Minor alterations to technical details, such as the terms of reference, the specifications or drawings;
  - ii. Minor amendments to the Special Conditions of Contract;
  - iii. Finalising the payment arrangements;
  - iv. Mobilisation arrangements;

## Procurement and Disposal Policies and Procedures

### Conducting Negotiations

5.6

- v. Agreeing final delivery or completion schedules to accommodate any changes required by REG/EUCL/EDCL;
  - vi. The proposed method or staffing;
  - vii. Inputs required from REG/EUCL/EDCL;
  - viii. Clarifying details that were not apparent or could not be finalised at the time of bidding;
  - ix. The bidder's tax liability in Rwanda.
- 2 Negotiations shall not be used to
- i. Substantially change the technical quality or details of the requirement, including the tasks or responsibilities of the bidder or the performance of the goods;
  - ii. Substantially alter the terms and conditions of contract stated in the invitation document; or
  - iii. Substantially alter anything which formed a crucial or deciding factor in the evaluation of the bids or proposals.
- 3 In the case of consultancy services, the bidder shall not be allowed to substitute key staff, unless REG/EUCL/EDCL and the bidder agree that delays in the procurement process, changes in the ToR or other unavoidable circumstances make it necessary.

#### **Guidance Note 3 – Recommendations following Negotiations**

- 1 Following negotiations, the recommendations made to the tender committee may include:
- i. Proceed with contract award to the successful bidder, incorporating the revisions agreed during negotiations;
  - ii. Revise the objectives of the negotiations and negotiate further on specified areas;
  - iii. Terminate the negotiations, where they have failed to result in an acceptable contract, reject the bidder and award the contract or hold negotiations with the next best ranked bidder;
  - iv. Cancel the procurement proceedings, where it is believed that the original bidding document was flawed, the need has changed or the budget is insufficient for the requirement.

#### **Documents/Records Required:**

- 1 A record of any negotiations must be completed and kept on the procurement file. At a minimum, this record must include:
- i. The name of the bidder with whom negotiations were held and the names of the bidder's representatives;
  - ii. The names of all staff involved in the negotiations;



## Procurement and Disposal Policies and Procedures

### Conducting Negotiations

5.6

- iii. The date and location of the negotiations;
  - iv. The areas subject to negotiation and the main points or requests made on each side;
  - v. The final agreement reached on each area of negotiation;
  - vi. Any point where agreement was not reached or further discussion is required.
- 2 The record of the negotiations must be signed by all staff of REG/EUCL/EDCL involved in the negotiations.
- 3 Any other correspondence or information relating to the negotiations must also be kept on the procurement file, including letters inviting the bidder to negotiate and REG/EUCL/EDCL's preparation of its negotiating position.

#### Next Steps:

- 1 Proceed to issuing a notification of contract award.

#### Key Control Processes

- 1 Depending on the results of the negotiations, the resulting recommendations shall be approved by the tender committee before any contract award or other commitment is made to any bidder.

## Procurement and Disposal Policies and Procedures

### Cancelling Procurement Proceedings

5.7

#### Policy Statement

Where there is a need to cancel a requirement before contract award, the procedure for terminating a procurement procedure will apply.

#### Policy Objective

The cancellation of procurement proceedings shall be avoided, wherever possible, as it means a waste of time and resources for both REG/EUCL/EDCL and the bidders. However, where it is in the interest of REG/EUCL/EDCL or public interest to do so, procurement proceedings may be cancelled at any stage prior to the award of a contract. This guideline establishes a procedure to ensure that any unavoidable cancellations are handled properly and in a manner which is fair to all bidders.

#### Documents

- 1 *Standard Bidding Document*
- 2 *Minutes of the cancellation proceedings*

#### Responsibility

- 1 *The cancellation of procurement proceedings will be conducted by the Procurement Unit, although the need to cancel may be identified by other staff.*

#### Procedures

- 1 Identify the need to cancel procurement proceedings – (*see guidance note 1 below for grounds which may justify a cancellation*). Discuss and agree the need with all relevant parties, including the Procurement Unit, the user department and any staff providing any relevant information;
- 2 Where no invitation document or notice has been issued, ensure that all relevant staff are notified of the cancellation of the procurement process;
- 3 Where an invitation document or notice has been issued, seek the MD's approval through the tender committee to cancel. Approval must be obtained as promptly as possible, so that bidders do not waste or spend further time or resources in the preparation of bids or in maintaining bid securities. The request for MD's approval to cancel must state in full the reasons for cancellation;
- 4 Prepare a notice cancelling the procurement proceedings, which must be identical for all bidders or potential bidders. This notice shall normally state the grounds for cancellation, to avoid enquiries from numerous bidders. However, the notice does not have to justify the grounds for cancellation;

## Procurement and Disposal Policies and Procedures

### Cancelling Procurement Proceedings

5.7

- 5 Where the cancellation is prior to the bidding deadline, send the notice to all bidders who have been issued with the bidding document;
- 6 Where the cancellation is after the bidding deadline, send the notice to all bidders who submitted bids. Promptly return any unopened bids (including separately sealed financial proposals in the case of the Request for Proposals method) and any bid securities.

#### Guidance Note 1 – Grounds for Cancellation

- 1 The cancellation of procurement proceedings shall be avoided wherever possible, but is permitted where it is in the REG/EUCL/EDCL's interest. Where cancellation is required, it shall be done as early in the procurement process as possible. In particular, REG/EUCL/EDCL shall try to avoid cancelling procurement proceedings where bids have already been opened.
- 2 The grounds for cancelling procurement proceedings must be approved by the MD, but as guidance might include:
  - i. there is no longer any need for the procurement in question;
  - ii. the technical, contractual or other details have changed to such an extent that it is more appropriate to issue a new bid, than to modify the existing bidding document;
  - iii. the procurement requirement can be met by a substantially less expensive article;
  - iv. there is evidence of collusion among bidders;
  - v. adequate funding is no longer available for the requirement;
  - vi. all bids are non-responsive

#### Documents/Records Required:

- 1 A record of the cancellation notice sent to all bidders, along with MD's approval of the cancellation, must be kept on the procurement file. The procurement file must also contain information on the decision to cancel the procurement proceedings, including the grounds for cancellation.

#### Next Steps:

- 1 No further action is required following cancellation. Any new procurement proceedings, in place of the cancelled procurement, shall start from the appropriate point of the procurement process e.g. requisition stage, if the description of or budget for the requirement have changed substantially or preparation of bidding document stage, if a revised bidding document is required.

## **Procurement and Disposal Policies and Procedures**

### **Cancelling Procurement Proceedings**

5.7

#### **Key Control Processes**

- 1 MD's approval is required prior to cancellation of the procurement proceedings, unless the cancellation is before the issue of any invitation document or notice.

## Procurement and Disposal Policies and Procedures

### Issuing a Notification of Contract Award

6

#### Policy Statement

This guideline sets out the procedure for issuing a notification of contract or bid award to form a contract by accepting the bid or proposal of the successful bidder. It is of great importance that this procedure is handled properly, as the notice of acceptance is not binding notice, till a contract has been signed.

It is important to note that this guideline provides the most commonly used procedure for sending notices of acceptance. If the bidding document states an alternative procedure for the notice or an alternative means of entry into force of the procurement contract, the terms of the bidding document will prevail over this guideline.

#### Policy Objective

Sending a notice of contract award to the successful bidder provides a rapid means of forming a contract, rather than waiting while the complete contract document is prepared. This offers a number of potential benefits:

- 1 The contract comes into force on an earlier date, meaning that delivery or mobilization periods start sooner and overall contract completion shall be achieved sooner;
- 2 Where the validity of a bid is due to expire shortly, it can be accepted quickly, before there is a need to request an extension to the validity, with the risk that the bidder is not prepared to extend the validity;
- 3 It provides unsuccessful bidders with a fair opportunity to appeal, under the administrative review procedures, if they feel that the procurement has not been properly conducted. As applications for administrative review have to be submitted within five (5) calendar days of issue of the contract award notice, this official notification provides a definite start point for the time period, reducing the likelihood of applications being made long after the decision that is being appealed.

#### Documents

- 1 *Bidding Document*
- 2 *Notice of award*

#### Responsibility

- 1 *Notices of contract award will be sent by the Procurement Unit, once approval from the tender has been obtained.*

#### Procedures

- 1 Ensure that the tender committee's approval of the decision to award the contract has been received in writing;

## Procurement and Disposal Policies and Procedures

### Issuing a Notification of Contract Award

6

- 2 If any other approvals are necessary, including financial approval for commitment of the required funds, then this must also be obtained;
- 3 Ensure that the successful bidder's bid is still valid and that any modifications to the bid have been confirmed in writing by the bidder;
- 4 Prepare the notice of contract/bid award. Ensure that the notice is signed by both the head of Procurement and the Managing Director.
- 5 Dispatch the notice to the successful and the unsuccessful bidders of the provisional outcome of the bids evaluation, keeping evidence of dispatch, such as proof of posting, fax confirmation slip etc.
- 6 Ensure that confirmation of receipt of the notice of contract award is received from the bidder.
- 7 After the provisional notification, the bidders shall have five (5) days in which to lodge a protest, if any, before a contract is signed with the successful bidder. If no complaints have been made or received by REG/EUCL/EDCL within this specified period the final notification shall be given to the successful bidder.

#### **Documents/Records Required:**

- 1 A copy of the notice of contract award, along with the tender committee's approval of the notice, must be kept on the procurement file. Evidence of dispatch of the notice must also be kept on the procurement file. At a minimum, the notice of contract award must include:
  - i. The name and address of REG/EUCL/EDCL, which is party to the contract;
  - ii. The name and address of the supplier;
  - iii. The date of the notice;
  - iv. The reference number of the procurement transaction;
  - v. A brief description of the goods, works or services procured;
  - vi. Reference to any clarifications or other correspondence which modifies the bidder's bid;
  - vii. The currency and amount of the contract award;
  - viii. A statement of any items which are specifically excluded from the contract award e.g. certain lots included in the bid or any change in quantities;
  - ix. A statement that a full contract is being prepared and will be sent to the supplier for signature in due course;
  - x. A request that the supplier confirms receipt of the notice of acceptance and confirms that he is proceeding with contract performance;
  - xi. Instructions on any immediate actions required from the supplier e.g. provision of a performance security, advance payment guarantee(if required);

## Procurement and Disposal Policies and Procedures

### Issuing a Notification of Contract Award

6

- xii. The signature of the authorized signatories of REG/EUCL/EDCL.

#### Next Steps:

- 1 Prepare and issue a contract document.

#### Key Control Processes

- 1 Tender committee's approval of the contract award decision is required prior to the issue of any notice of contract award. The necessary funds must also be committed prior to issue of the final notification of contract award.

## Procurement and Disposal Policies and Procedures

### Preparing and Issuing a Contract Document

6.1

#### Contract and Performance Security

For tenders estimated to cost above Ten Million Rwandese Francs (10,000,000 Rwf), shall require a formal contract signed and binding to both parties. This contract shall have to conform to the format provided in the tender document where applicable.

The contract signature shall be preceded by the issuance of performance security from the successful bidder for every contract award whose value is more than Ten Million Rwandan Francs (10,000,000 Rwf) following the format provided for in the tender document, and shall be annexed to the contract for only open and restricted tenders.

Whenever it is necessary the performance securities under framework contracts shall be submitted in consideration of the total amount of Purchase Order issued.

The percentage and format of Performance security shall be determined by the Bidding Document and shall be between 5 and 10 per cent of total contract amount or Purchase Order amount. However lump sum performance security may be requested where applicable.

In circumstances where the successful bidder is not in position to issue the performance security or the period of processing the performance security may compromise REG/EUCL/EDCL operations, the Senior Management of either company shall determine the course of action.

Before submission of the performance security and signing the contract by the successful bidder, there shall be no binding commitment on the side of REG/EUCL/EDCL irrespective of the issuance of the final notification.

#### Using an **existing contract of sister company**

Whenever it is necessary to use the contract or to issue a Purchase Order under existing framework contract of the sister company (EDCL/EUCL) or Development Partners, REG/EUCL/EDCL Management shall seek the approval of the REG Executive Committee. This contract shall be fulfilling the following conditions:

- Resulting from an open competitive bidding process;
- Valid at the time of utilization
- Respond to the specifications/Terms of References of the needed goods/works/services;
- The contract of Development Partners should be under REG/EUCL/EDCL workable agreements

#### **Circumstances leading to the use of existing contract of sister company:**

- Request from User department approved by the MD;



## Procurement and Disposal Policies and Procedures

### Preparing and Issuing a Contract Document

6.1

- Willingness and capacity of the Supplier/Consultant/Contractor to perform under REG/EUCL/EDCL requirements;
- Length manufacturing period;
- Long shipping period;
- Unforeseen defect/breakage of major materials and equipment affecting electricity operations and energy generation and transmission
- Provision of Performance security
- Price Negotiations to obtain value for money
- Respect other REG/EUCL/EDCL contracting procedures

#### Policy Statement

This procedure provides guidance on the preparation of contract documents, obtaining approval and issuing the contract documents. This guideline is based on a procedure where a notice of contract award has already been sent to form the contract.

#### Policy Objective

The contract document confirms in writing the contract which has been agreed and formed between REG/EUCL/EDCL and the provider. It defines the goods, works or services to be provided, the price to be paid for the goods, works or services and establishes the rights and obligations of each party. The contract is the governing document for contract administration.

#### Documents

- 1 *REG/EUCL/EDCL procurement user manual*
- 2 *Contract Document*

#### Responsibility

- 1 *The Procurement Unit is responsible for the preparation of contract documents, obtaining all necessary approvals, getting the approved contract document signed and issuing the document.*
- 2 *The drafted contract document shall have to be reviewed by the Legal staff/specialist before signature in order to confirm that all the legal rights and obligations of the parties to the contract are well spelt out.*

#### Procedures

- 1 Collect copies of all documents which will form part of the contract document – (*see guidance note 1 below for a list of documents to include*);
- 2 Assemble the complete contract document, by including all necessary documents in the correct order. Ensure that the contract does not include any terms or conditions which

## Procurement and Disposal Policies and Procedures

### Preparing and Issuing a Contract Document

6.1

- vary from the successful bidder's bid, which was accepted by the notice of contract award;
- 3 Send only the draft contract document to the Legal Department for review;
  - 4 Make the required number of copies of the approved contract and bind or secure the pages in such a way that pages cannot be replaced or lost. The number of copies required must be at least three – one for the supplier, one for legal department and one for the procurement unit;
  - 5 Send all copies of the contract to the supplier to counter-sign all copies return them for REG/EUCL/EDCL's approval.
  - 6 The MD (or otherwise delegated by the MD) shall sign all copies of the contract;

#### Guidance Note 1 – Contents of Contract Document

The contents of the contract document will depend on the model contract included in the bidding document. The contents of a contract and the order of precedence are normally listed in the contract.

- 1 Form or special conditions of contract as guidance only, contract documents normally consist of but not limited to the following:
  - i. The subject matter, names and addresses, telephone numbers of parties to the contract;
  - ii. The contract form or agreement;
  - iii. The special conditions of contract;
  - iv. The general conditions of contract;
  - v. The final contract award notice;
  - vi. The supplier's bid and any modifications to that bid;
  - vii. The description of the goods, works or services, comprising specifications, terms of reference, drawings, bill of quantities, activity schedule and/or any other similar document.

#### Documents/Records Required:

- 1 The original copy of the signed contract document is kept on the procurement file for reference. A copy shall be sent to the user department and the Project manager.

#### Next Steps:

- 1 Publish a contract award notice and debrief unsuccessful bidders.

#### Key Control Processes

- 1 MD's approval of the final contract document is required before issue. The financial commitment shall have been made prior to issue of the notice of contract award.

## Procurement and Disposal Policies and Procedures

### Preparing and Issuing a Purchase Order

6.2

#### Policy Statement

This procedure provides guidance on the preparation and issue of purchase orders.

#### Policy Objective

The purchase order is a simple form of contract between REG/EUCL/EDCL and the supplier. It is used to form a contract by accepting the successful bidder's quotation, where no contract award notice or detailed contract document is required. The purchase order defines the goods, works or services to be provided, the price to be paid for the goods, works or services and the delivery period required.

#### Documents

- 1 *Purchase Order*

#### Responsibility

- 1 *The Procurement Unit is responsible for the preparation of purchase orders, obtaining all necessary approvals and issuing them to suppliers.*

#### Procedures

- 1 Complete a blank purchase order document, using the information in the successful bidder's quotation and any corrections made during the evaluation – (*see guidance note 1 below for details of the information to be included*).
- 2 Purchase orders shall be issued within a given threshold
- 3 Obtain the required threshold approval for the purchase order-(*see guidance note 3 below for details of the information to be included*).
- 4 Both the Head of Procurement and the MD shall co-sign the purchase order.
- 5 Issue the top copy of the purchase order to the supplier, with an instruction for them to confirm receipt of the purchase order in writing.
- 6 Distribute other copies as required.
- 7 Note:

#### Guidance Note 1 – Information to be included in Purchase Orders

- 1 The following information must be included in the purchase order:
  - i. The name of the supplier;
  - ii. The date of issue of the Purchase Order;
  - iii. The delivery address;
  - iv. The quantity of each item required;

## Procurement and Disposal Policies and Procedures

### Preparing and Issuing a Purchase Order

6.2

- v. Any part or pattern number for each item;
- vi. A brief description of each item;
- vii. The unit cost or rate for each item;

#### Guidance Note 2 – Issue of Purchase Orders

- 1 All goods, services and works estimated to cost 300,000 Rwf and below shall not need a procurement process but will require approval of the head of procurement, Director of Finance (DF) and the Managing Director or delegated person.
- 2 Any tender whose value is estimated to cost 10 million Rwf and below shall be concluded by issuance of a Purchase Order or a detailed contract where necessary depending on the procurement method used and the nature of the tender.
- 3 All tenders given through open competitive bidding shall necessitate signing a detailed contract. Tenders above the value of 10 million Rwf shall necessitate a standard written contract signed by all the parties.

For framework contracts approval; all purchase orders shall be signed by both the Head of Procurement Unit and the Managing Director.

#### Documents/Records Required:

- 1 A copy of the purchase order, along with tender committee's approval of the document, must be kept on the procurement file.

#### Next Steps:

- 1 Publish a contract award notice and debrief unsuccessful bidders.

#### Key Control Processes

- 1 The MD's approval of the purchase order is required before issue. The necessary funds must also be committed prior to issue of the purchase order.

## Procurement and Disposal Policies and Procedures

### Contracts Award and Debriefing Unsuccessful Bidders

6.3

#### Policy Statement

This guideline sets out the procedure for notifying unsuccessful bidders that they have not won the contract, following the entry into force of the contract with the successful bidder, and for publishing contract award notices, where they are required. It also provides guidance on debriefing unsuccessful bidders.

#### Policy Objective

It is important that unsuccessful bidders are notified that they have not won a contract, as soon as possible after the contract award, and that they are provided with information on why they failed to win, if they request it. This practice of notifying and debriefing unsuccessful bidders has a number of benefits:

- 1 It shall encourage unsuccessful bidders to submit bids again for future opportunities and assist them in submitting more responsive or competitive bids. This contributes to greater competition, which shall result in increased value for money for REG/EUCL/EDCL.
- 2 The publication of contract award information for higher value contracts increases the transparency of the procurement process.

#### Documents

- 1 *Contract Award Notice*
- 2 *Notification letters*
- 3 *Minutes/record of debrief meeting*

#### Responsibility

- 1 *The Procurement Unit is responsible for notifying unsuccessful bidders and publishing any required contract award notices.*

#### Procedures

- 1 Ensure that the contract award decision has been made;
- 2 Prepare a standard letter to notify unsuccessful bidders of the contract award.
- 3 This letter shall state the name and address of the supplier and the contract price.
- 4 Send a copy of the letter to each unsuccessful bidder. This letter shall include the date and any reference number of the original invitation notice, a brief description of the subject of the procurement, the name and address of the successful bidder and the contract price.
- 5 Where a request for a debrief is received from an unsuccessful bidder, prepare and send a debrief letter. – (see guidance note 1 below for the details to be included).

## Procurement and Disposal Policies and Procedures

### Contracts Award and Debriefing Unsuccessful Bidders

6.3

#### Guidance Note 1 – Contents of Debrief Letters

- 1 Debrief letters shall contain sufficient detail to provide the unsuccessful bidder with an explanation of why he did not win a contract, without providing much details or taking too much time to prepare. Debrief letters shall be prepared individually for each unsuccessful bidder, as they shall not disclose information on other bids, with the exception of limited information on the successful bid.
- 2 Debrief letter shall state which stage of the evaluation the bid was rejected at i.e. preliminary examination, detailed evaluation or financial evaluation.
- 3 Where a bid was rejected during the preliminary examination, the letter shall give a brief statement of the reason or reasons for rejection. For example:
  - i. Your bid security was not issued by an acceptable institution;
  - ii. Your bid was not signed and authorized; or
  - iii. Your bid was not valid for the required period.
- 4 Where a bid for goods, works or other services was rejected during the detailed evaluation, the letter shall give a brief statement on how it failed to meet the technical specification or standard required or how it was commercially unacceptable. For example:
  - i. Your bid did not meet the required specification, as the engine size was too small;
  - ii. Your bid did not meet the required specification, as the processor speed was too slow;
  - iii. Your proposed payment terms did not comply with the conditions stated in the bidding document and were not acceptable to REG/EUCL/EDCL; or
  - iv. Your supervisory staff did not have appropriate qualifications or sufficient experience for the contract.
- 5 Where a proposal for consultancy services evaluated using QCBS or LCS was rejected during the detailed technical evaluation, the letter shall state that the proposal failed to reach the minimum quality threshold specified and give a brief statement on the main weaknesses of the proposal. For example:
  - i. The key personnel included in your proposal did not have sufficient experience of this type of work or of work in the conditions prevailing in Rwanda;
  - ii. Your team leader did not have sufficient management experience or experience of working at this level; or
  - iii. Your method didn't address the capacity building part of the terms of reference adequately or would not achieve sufficient transfer of knowledge.
- 6 Where a proposal for consultancy services evaluated using QBS was rejected during the detailed technical evaluation, the letter shall state that the proposal did not obtain the highest technical score and give a brief statement on the relative strengths of the successful proposal, without disclosing details. For example:

## Procurement and Disposal Policies and Procedures

### Contracts Award and Debriefing Unsuccessful Bidders

6.3

- i. The successful proposal included key personnel with greater experience of this type of work or of work in the conditions prevailing in Rwanda;
  - ii. The successful proposal included a much stronger capacity building programme.
- 7 Where a bid was rejected during the financial evaluation, the letter shall state:
  - i. For goods, works or other services, that the bidder did not submit the lowest priced, responsive bid For consultancy services evaluated using QCBS, that the bidder did not submit the proposal offering the best overall combination of quality and price;
  - ii. For consultancy services evaluated using LCS that the bidder did not submit the lowest priced proposal, which reached the minimum quality threshold.
- 8 The price of the contract will already have been provided in the letter notifying the bidder that he was unsuccessful and, for consultancy services, the technical scores and prices will have been read out at the financial opening. However, REG/EUCL/EDCL may repeat these details in the debrief letter, for the sake of completeness.

#### **Documents/Records Required:**

- 1 Copies of the notification letters and any debriefing letters sent to unsuccessful suppliers must be kept on the procurement file. A copy of any published contract award notice must also be kept on the procurement file.

#### **Next Steps:**

- 1 Proceed to administer and manage the contract.

#### **Key Control Processes**

- 1 No approvals are required for this procedure, as the contract award itself will already have been approved by the tender committee.

## Procurement and Disposal Policies and Procedures

### Administrative Review/Appeal

6.4

#### Policy Statement

This guideline sets out the procedure to apply for a review of any conduct in the procurement proceedings with respect to the Law or any other procurement regulations.

#### Policy Objective

An administrative review is done when there are complaints from bidders, claiming to have lost or are at the risk of losing a tender due to a breach of procurement guidelines by a procuring entity. A bidder shall not apply for administrative review where REG/EUCL/EDCL has entered into a contract with a bidder. A complaint which does not fulfil the requirements of the application for Administrative Review shall be dismissed by the MD without investigation.

#### Documents

- 1 *REG/EUCL/EDCL procurement user manual*
- 2 *Bid documents*

#### Responsibility

- 1 *The bidder, EDCL staff and general public have the right to file for an administrative review*
- 2 *The head of procurement is responsible for receiving the administrative review notices.*

#### Procedures

- 1 Bidder is dissatisfied with a given process and makes a complaint (*see guidance note 1 below for the details to be included*),
- 2 A complaint is made in writing to the REG/EUCL/EDCL. – (*see guidance note 2 below for the details to be included*),
- 3 Investigation of the complaint– (*see guidance note 2 below for the details to be included*),
- 4 Where the REG/EUCL/EDCL does not act, a bidder may seek redress from the tribunal.
- 5 Ensure the review report is prepared and approved by the tender committee

#### Guidance Note 1 – Contents of a complaint

A complaint to the Authority shall—

- 1 Indicate the name and contact details of the bidder or the person representing the bidder;
- 2 Indicate the procurement or disposal requirement to which the complaint relates;
- 3 Include a record of the correspondences regarding the complaint, between the REG/EUCL/EDCL and the bidder (if any);
- 4 Indicate the grounds of the complaint;



## Procurement and Disposal Policies and Procedures

### Administrative Review/Appeal

6.4

- 5 Indicate the corrective measures requested for by the bidder from the Authority; and
- 6 Provide any other information relevant to the complaint.

#### **Guidance Note 2 – Receipt of a complaint**

At the first level the appeal must reach the Procuring entity within Five (5) calendar days from reception of the provisional notification letter. The Procurement unit with the assistance of end user department shall respond to the bidder within maximum five (5) working days. In case the bidder is not satisfied with a response given at this level, he/she shall have maximum three (3) calendar days to lodge his appeal to the REG/EUCL/EDCL Independent Review Committee.

The REG/EUCL/EDCL Independent Review Committee shall be appointed on an Ad hoc basis by the Senior Management of REG/EUCL/EDCL. Their responsibilities shall be to receive the appeals of the dissatisfied bidders or service providers against the decision of tender award, analyse and recommend to the management of REG/EUCL/EDCL of the appropriate decision that shall be approved by the MDs at first level, and when the bidder is not satisfied, he/she may appeal to the second level of the Board of Directors (Audit Committee). At this level, the bidder shall pay 0.5% of the total bid value non-refundable before lodging an appeal. The decision of the Board of directors shall be final; it shall not be appealed against.

The members of Tender Committee, Procurement unit and end user department concerned with the appealed tender shall not be part of the REG/EUCL/EDCL Independent Review committee. REG/EUCL/EDCL may outsource one or more persons from outside the company to constitute the Independent Review committee. Such an individual shall be with experience in procurement and shall be a person of integrity. The committee shall at least be composed three (3) people and not exceeding 5 people.

The selection criteria of team members shall be based on; knowledge in procurement, integrity, gender, knowledge in legal issues and technical Expertise.

#### **Guidance Note 2 – Review of the complaint**

The Independent Review Committee shall have maximum Five (5) calendar days to submit their decisions. Such a decision shall always be in writing.

Any decision taken by REG/EUCL/EDCL within the contract may be subject to review, provided that the petitioner demonstrates the direct loss incurred following such decision. However, any decision concerning the following matters shall not be subject to review:

- 1 The selected mode of procurement;
- 2 The rejection of all bids for public interests or for reasons known to the procuring entity.

#### **Documents/Records Required:**

- 1 Copies of the review notice and any complaint letters sent REG/EUCL/EDCL must be kept on the procurement file. A copy of the procurement review report and Independent Review Committee report (if any) must also be kept on the procurement file.

## **Procurement and Disposal Policies and Procedures**

### **Administrative Review/Appeal**

6.4

#### **Next Steps:**

- 1 Proceed to contract award and manage the contract.

#### **Key Control Processes**

- 1 Tender committee's approval is required for the review report.

## Procurement and Disposal Policies and Procedures

### Administering a Contract

#### Policy Statement

This guideline provides a general procedure for administering contracts, following the issue of a contract document or purchase order.

Contract administration procedures are largely determined by the terms and conditions of each individual contract and the description of requirements for the goods, works or services. Therefore, this guideline provides general rules and principles only and staff must be guided by the contents of each contract. Guidance notes are included on the particular requirements of administering goods, works and services contracts.

#### Policy Objective

Effective contract administration is critical to successful contract implementation and meeting the objectives of the procurement requirement. Contract administration procedures are designed to ensure that:

- 1 The supplier performs the contract in accordance with the terms and conditions specified in the contract;
- 2 REG/EUCL/EDCL fulfills its obligations and duties under the contract; and
- 3 Swift remedial or preventive action is taken when problems arise or are foreseen.

#### Documents

- 1 *Contract Management Plan(if any)*
- 2 *Key Deliverable's Timetable(if any)*

#### Responsibility

- 1 *The procurement unit has the overall responsibility for contract administration, but will draw on other resources, such as technical expertise, payment services and legal services. Where such other services and systems are used, the procurement unit will remain responsible for monitoring their performance and ensuring that their activities, in relation to the contract, are completed on time and in accordance with procurement rules. Day-to-day contract administration will often be assigned to and user department or technical expert.*

#### Procedures

- 1 The Managing Director in consultation with the user department and the head of procurement shall select the most appropriate person or team to administer the contract – (see guidance note 1 below for further details);
- 2 Ensure that a signed copy of the contract or confirmation of the purchase order is received from the supplier;

## Procurement and Disposal Policies and Procedures

### Administering a Contract

7

Advance payment not exceeding twenty percent (20%) of the contract Value shall be allowed where necessary. Where an advance payment is allowed, it shall be subject to submission by the successful bidder/consultant to EUCLREG/EUCL/EDCL of an advance payment security equivalent to the amount to be advanced. Such security shall be issued by a recognized Bank. Other details regarding Advance Payments and Advance Payment Security (Guarantee) shall be specified in the bidding document. Advance Payment Security (Guarantee) shall conform to the forms/templates in the bidding Documents.

In cases where the selected supplier/ consultant requires advance payment beyond 20% of the contract amount and REG/EUCL/EDCL has no other possible alternative, the procurement unit shall seek approval from REG Executive Committee(CEO and MDs).

- 3 Ensure that REG/EUCL/EDCL meets any obligations, such as payment of an advance payment, opening of a letter of credit where necessary or assistance with obtaining visas for the supplier's foreign staff;
- 4 Prepare a contract implementation plan, showing key milestones, such as dates for mobilization, deliveries or completion of certain deliverables or sections of work, and REG/EUCL/EDCL's obligations, such as providing access to a works site, payment or approval of reports;
- 5 Monitor the performance of both parties against the contract implementation plan. Take action as required to address any problems or delays, whether actual or anticipated. (*See guidance notes 2, 3 and 4 for details of the normal contract administration responsibilities for goods, works and services respectively*);
- 6 Unless otherwise stated in the tender document or purchase order, Delivery shall be made to the Rwanda Energy Group (REG) stores where a Goods Received Note (GRN) will always be issued. This will follow the issuance of the Delivery note issued by the supplier.
- 7 Unless it results from reasons provided for by this procedure manual, the successful bidder shall incur a penalty equivalent to one thousandth (1%) of the total of the contract for each day of delay. Such penalty shall not exceed three per cent (3%) of the value of the contract. If the penalty reaches three per cent (3%) of the total value of the tender, the contract may be subjected to termination. Termination of the contract as result of failure or delays in execution shall be recommended by the ITC.
- 8 Ensure that all deliveries, targets or deliverables are completed by the supplier;
- 9 Check all payment documentation and authorize payments, using REG/EUCL/EDCL's normal accounting and disbursement systems.

## Procurement and Disposal Policies and Procedures

### UP FRONT PAYMENT

Where REG/EUCL/EDCL is required / obliged to make upfront payments not more than One Hundred Million Rwanda Francs (100,000,000 Frw), or equivalent to service providers, the procurement unit shall seek approval from Senior Management of either company. Where the required upfront payment is beyond the threshold set in the above paragraph, EUCL/EDCL shall seek approval from REG Executive Committee. Such payment for any amount shall be effected through a letter of credit.

### LETTER OF CREDIT

The letter of credit shall be discouraged as much as possible. However, where necessary depending on prevailing circumstances, the Managing Director of either company can authorize to use the letter of credit as mode of payment in the contract.

### Guidance Note 1 – Selecting a Contract Administrator

- 1 The Managing Director shall select the most appropriate person or persons to administer each contract, taking into account the skills or experience required, the time required for contract administration and any requirements to work closely with the user department and the procurement unit. Where a contract is particularly large or complex, a contract administration team may be formed.
- 2 The procurement unit will retain overall responsibility for contract administration, but the member of staff with day-to-day responsibility for the contract will often come from outside the Procurement Unit. For example, the procurement unit will normally retain control of contract amendments, payments and dispute resolution, but the day-to-day liaison with a team of consultants or supervision of a construction contract to the user department.
- 3 In selecting the person responsible for day-to-day contract administration, the head of the procurement unit shall consider the following guidance:
  - i. Where supervision needs to be conducted by a person with appropriate technical skills, such as for construction contracts or the installation of complex plant and machinery, contract administration is best allocated to the user department or an external consultant;
  - ii. Where contract administration is likely to be time-consuming or require skills not available within REG/EUCL/EDCL, an external contract administrator can be appointed, such as a project manager for a major construction contract;
  - iii. Where goods are to be received and issued by stores, contract administration is best allocated to the stores staff;

## Procurement and Disposal Policies and Procedures

### Administering a Contract

7

- iv. Where goods are to be delivered directly to the user department, contract administration is best allocated to either the user department or procurement staff, although there may still be a need for the goods to be included in REG/EUCL/EDCL's records of assets;
  - v. Where a consultant is required to work with the user department in conducting a study, providing advice or building capacity, contract administration is best allocated to the user department and particular counterpart staff may need to be designated to work with the consultant. Where services are provided in support of the general management or administration of REG/EUCL/EDCL, contract administration is best allocated to the member of staff responsible for that function.
  - vi. Issues relating to contractual disputes or a supplier's failure to perform and any requirement for amendment of the contract must be referred to the Procurement Unit.
- 4 Contract administrators must make use of REG/EUCL/EDCL's existing systems for making payments or seeking legal advice.

#### Guidance Note 2 – Contract Administration for Goods

- 1 Contract administration for goods focuses on ensuring that goods are delivered on time, that the goods are acceptable to REG/EUCL/EDCL, in terms of quantity, quality and supporting documentation, and that REG/EUCL/EDCL meets its obligations to pay for the goods delivered.
- 2 For goods contracts, the contract administrator is typically responsible for:
  - i. Ensuring that the actual dates when deliveries are due are agreed with the supplier, based on the date of contract effectiveness;
  - ii. Expediting during the delivery period, to ensure that manufacturing, freight forwarding and deliveries are proceeding on schedule;
  - iii. Witnessing tests or approving samples, where required;
  - iv. Arranging collection, freight-forwarding, customs clearance or delivery, where REG/EUCL/EDCL is responsible for any of these tasks;
  - v. Arranging for receipt and inspection of the goods;
  - vi. Checking all documentation relating to the goods, such as delivery notes, and ensure that documentation is correct before signing;
  - vii. Recording any missing, damaged or incorrect items and initiating claims against insurance policies or the supplier;
  - viii. Reporting any contractual problems or requests for contract amendments to the Procurement Unit;
  - ix. Checking invoices and supporting documentation for payment are correct and arranging payment;

## Procurement and Disposal Policies and Procedures

### Administering a Contract

7

- x. Managing any securities, such as performance or payment securities, by ensuring that they are kept securely, ensuring that extensions to their validity are obtained in good time, when required, reducing their value, when required and releasing them promptly, when all obligations have been fulfilled;
  - xi. Ensuring all documentation and information relating to warranties and warranty claims are in good order;
  - xii. Ensuring that assets are registered and labeled, where required; and
  - xiii. Ensuring all user guides, manuals, licenses etc are kept with the goods or in an appropriate place.
- 3 Goods shall be recorded in the EDCL's asset records and issued to the user department or ultimate beneficiary in accordance with EDCL's asset and stores management procedures.

#### Guidance Note 3 –Contract Administration for Works

- 1 Contracts administration for works is often complex and time-consuming, as it involves supervision of the progress of the works, ordering variations where unforeseen conditions are encountered and measuring the work completed for payment purposes. For major contracts, REG/EUCL/EDCL will normally use a fulltime supervising engineer or project manager, who will exercise control and supervision of the contract on behalf of REG/EUCL/EDCL. Where a project manager is used, REG/EUCL/EDCL must:
- i. Ensure that the role of the project manager is clearly defined, in particular his powers to issue contract variations, which result in changes to the overall cost, completion date, quality and design of the works and to settle disputes;
  - ii. Establish arrangements for keeping REG/EUCL/EDCL informed of contract progress, variations issued and any disputes; and
  - iii. Designate a contract administrator within REG/EUCL/EDCL, who will be the contact point for the project manager.
  - iv. This contract administrator is typically responsible for:
    - v. Ensuring that the actual mobilization and completion dates are agreed with the supplier, based on the date of contract effectiveness;
    - vi. Monitoring the overall progress of the works and the performance of the project manager;
    - vii. Referring any requests for contract variations, which are outside the authority of the project manager, to the MD, or other designated authority, for approval;
    - viii. Reporting any contractual problems or requests for contract amendments to the procurement unit;
    - ix. Checking invoices and supporting documentation for payment are correct and arranging payment;

## Procurement and Disposal Policies and Procedures

### Administering a Contract

7

- x. Managing any securities, such as performance or payment securities, by ensuring that they are kept securely, ensuring that extensions to their validity are obtained in good time, when required, reducing their value, when required and releasing them promptly, when all obligations have been fulfilled;
- xi. Ensuring all final acceptance and hand-over arrangements are completed and documented satisfactorily; and
- xii. Ensuring all final drawings, manuals to mention but a few, are received and kept in an appropriate place.

#### Guidance Note 4 –Contract Administration for Services

- 1 Contracts administration for services focuses on ensuring that services are delivered/provided on time and to an acceptable quality. This can be difficult, as the quality of services, particularly consultancy services, can be subjective and difficult to measure. A good working relationship with the service provider and ongoing monitoring of services is therefore important, to ensure successful contract performance.
- 2 REG/EUCL/EDCL must also ensure that it meets its obligations, particularly where the performance of consultancy services is dependent on certain inputs or information from REG/EUCL/EDCL or where REG/EUCL/EDCL staff must be made available to benefit from capacity building initiatives.
- 3 For services contracts, the contract administrator is typically responsible for;
  - i. Ensuring that the actual dates for mobilization, key milestones or deliverables and completion are agreed with the provider, based on the date of contract effectiveness;
  - ii. Monitoring contract performance to ensure that levels of service are maintained and that deliverables are submitted or completed on time;
  - iii. Ensuring that all required reports are submitted on time;
  - iv. Ensuring that, where required, REG/EUCL/EDCL provides written comments or approvals to deliverables or reports in a timely manner;
  - v. Ensuring that any resources, assistance or counterpart staff to be provided by REG/EUCL/EDCL are made available at the appropriate time;
  - vi. Checking invoices and supporting documentation for payment are correct and arranging payment;
  - vii. Managing any securities, such as performance or payment securities, by ensuring that they are kept securely, ensuring that extensions to their validity are obtained in good time, when required, reducing their value, when required and releasing them promptly, when all obligations have been fulfilled;
  - viii. Notifying the service provider in writing of any failings in performance or failure to meet targets; and



## Procurement and Disposal Policies and Procedures

### Administering a Contract

7

- ix. Ensuring all reports or deliverables are kept in an appropriate place and circulated or implemented as required.

#### Documents/Records Required:

- 1 All correspondence and documentation relating to contract administration must be kept on the procurement file. In particular, records are required of:
  - i. All invoices and other payment documents;
  - ii. All documentation relating to contract performance, such as delivery notes, progress reports and other deliverables;
  - iii. All contract variations;
  - iv. All contract amendments;
  - v. All documents relating to claims under the contract, including warranty claims;
  - vi. All documents relating to contract disputes and dispute resolution.

#### Next Steps:

- 1 Proceed to and amend a contract, where any amendment is required.
- 2 Complete a contract, when all contractual obligations have been completed.
- 3 Terminate a Contract, where termination is required

#### Key Control Processes

- 1 MD's approval is required for substantial contract amendments. Payments must be approved in accordance with REG/EUCL/EDCL's Finance Policies and Procedures.

## Procurement and Disposal Policies and Procedures

### Amending a Contract

7.1

#### Policy Statement

This guideline provides the standard operating procedure for amending a contract, when required, during the period of performance of the contract.

#### Policy Objectives

Ideally, a contract which has been placed shall not need any amendment, but sometimes it is necessary to make changes to the terms and conditions of a contract or the description of requirements. Contract amendments provide a formal, legal way of amending a contract and of ensuring that both parties have agreed to the changes.

#### Documents:

- 1 *The Contract Document*

#### Responsibility

- 1 *The procurement unit is responsible for preparing all contract amendments and obtaining the MD's approval, although the request for the amendment will normally come from the contract administrator, who may be outside of the procurement unit.*

#### Procedures

- 1 Identify the need for a contract amendment – this will normally be done by the contract administrator. A contract amendment is required where REG/EUCL/EDCL wants to change any terms or conditions of the contract e.g. the delivery or completion period, the technical description of the goods, works or services, the quantity of an item purchased, the price etc;
- 2 Provide full details on the amendment required to the procurement unit with an approval from the MD;
- 3 The procurement unit will discuss the amendment with the supplier, if required;
- 4 Prepare the contract amendment – (*see guidance note 1 below for the details to include*);
- 5 Obtain tender committee's approval;
- 6 Obtain any other necessary approvals, including financial approval for commitment of any additional funds;
- 7 Make the required number of copies of the approved contract amendment;
- 8 The number of copies required must be at least two – one for the supplier and one for REG/EUCL/EDCL;
- 9 The MD (or otherwise delegated) shall sign all copies of the contract amendment;

## Procurement and Disposal Policies and Procedures

### Amending a Contract

7.1

Send all copies of the contract amendment to the supplier, with a covering letter instructing the supplier to counter-sign all copies, retain one for his records and return all other signed copies to REG/EUCL/EDCL.

#### Guidance Note 1 – Contents of a Contract Amendment

- 1 The contents of a contract amendment will be determined by the reason for the amendment and the term or condition which is being amended. However, all contract amendments must include the following details:
  - i. The reference number and date of the contract which is being amended and a brief description of the subject of the contract;
  - ii. The number of the contract amendment i.e. “Contract Amendment No 1, 2, 3 etc”;
  - iii. The date of the contract amendment;
  - iv. A clear statement of the part of the contract which is being amended, including relevant clause or annex numbers;
  - v. A clear statement of how the contract is amended e.g. “the completion period is hereby extended by one week, to give a revised completion period of thirteen weeks” or “the quantity for item 3 is hereby increased by two (2) to give a revised quantity of five (5)”;
  - vi. Where the contract price is being amended, a clear statement of the amount by which the contract is increased or decreased and the revised total contract price i.e. “the contract price is hereby increased by a sum of \$5,000, giving a revised total contract price of \$35,000”;
  - vii. A statement that all other terms and conditions of the contract remain unchanged.

#### Documents/Records Required:

- 1 A copy of all contract amendments, signed by both parties, along with tender committee’s approval for each amendment, must be kept on the procurement file.

#### Next Steps:

- 1 Return to administer the contract.

#### Key Control Processes

- 1 MD’s approval (or otherwise delegated) is required for all contract amendments.

## Procurement and Disposal Policies and Procedures

### Completing a Contract

7.2

#### Policy Statement

This guideline provides the standard operating procedure for completing a contract and closing the procurement file, once all contractual obligations of both parties have been fulfilled.

#### Policy Objective

It is important that contracts are formally reviewed and the procurement file closed, once all contract activities and obligations have been completed. This procedure shall ensure that the contract has in fact been completed and that no outstanding items, claims or payments are overlooked. It also ensures that files are archived for the appropriate period of time and available for audit or reference purposes.

#### Documents

- 1 *No specific reference to the Procurement Legislation.*
- 2 *Certificate of Completion*

#### Responsibility

- 1 *The procurement unit is responsible for completing contracts and closing the file, in conjunction with the designated contract administrator/user department.*

#### Procedures

The procurement unit or contract administrator will identify that all contractual obligations and warranty periods have been completed;

- 1 The procurement unit shall review the contract and the procurement file to check that the contract is completed – *(see guidance note 1 below for a checklist;*
- 2 Close the file and archive it;
- 3 Ensure that the closed file is listed in the procurement unit's records and is marked with the date which it must be retained until.

#### Guidance Note 1 – Contract Completion Checklist

- 1 Before closing a procurement file, the procurement unit shall check that:
  - i. All goods have been delivered, works completed and handed-over, services performed and contract deliverables received;
  - ii. There are no outstanding claims for missing or damaged items against either the supplier or an insurance company;
  - iii. All necessary payments have been made;

## Procurement and Disposal Policies and Procedures

### Completing a Contract

7.2

- iv. The total payment is correct, taking into account any contract amendments, variations, price variations and the amortization of any advance payment;
- v. All guarantees and securities have been returned;
- vi. All necessary documentation is in place and correct; and
- vii. The overall performance of the supplier has been reviewed.

#### **Documents/Records Required:**

- 1 All records relating to the review of the contract must be kept on the procurement file. The Procurement Unit must maintain a register of:
  - i. All procurement files closed;
  - ii. The date of closure of each file; and
  - iii. The date until which the file must be maintained, which is five (5) years from the date of cancellation of the procurement or completion or termination of the contract, as appropriate.

#### **Next Steps:**

- 1 This procedure provides the final step in the procurement process.

#### **Key Control Processes**

- 1 Project manager/administrator's approval is required for contract completion and closure of the procurement file.

## Procurement and Disposal Policies and Procedures

### Terminating a Contract

7.3

#### Policy Statement

This guideline provides the procedure for terminating a contract, after it has been awarded.

Where a procurement requirement needs to be cancelled prior to contract award, procedure in “Cancelling procurement proceedings” above will apply.

#### Policy Objective

Contracts shall not be terminated, where termination can be avoided. However, sometimes it is necessary to terminate a contract:

- 1 To avoid or minimize further loss to REG/EUCL/EDCL or poor performance by the supplier;
- 2 Where contract performance has become impossible; or
- 3 Where a supplier is no longer qualified or has engaged in corrupt practices.

#### Documents

- 1 *Bidding document.*

#### Responsibility

- 1 *The procurement unit is responsible for terminating contracts based on the request from the user department and subject to Tender Committee and MD’s approval of the termination*

#### Procedures

- 1 Identify the need to terminate the contract;
- 2 Check the contract or purchase order document, to confirm the conditions of contract relating to termination – (*see guidance note 1 below for details*);
- 3 Identify which of the grounds for termination will be used and ensure that REG/EUCL/EDCL has sufficient justification for using the selected grounds. Seek legal advice prior to proceeding;
- 4 Estimate the amount of money, if any, which will be due to the supplier following termination;
- 5 Obtain the Tender committee’s approval of the termination
- 6 Prepare a formal notice, terminating the contract and stating the grounds for termination;
- 7 Obtain MD’s approval of the notice and the justification for terminating. Ensure that the MD is informed of the costs of terminating the contract.
- 8 Issue the termination notice and ensure that it is received by the supplier;

## Procurement and Disposal Policies and Procedures

### Terminating a Contract

7.3

- 9 Take any follow-up action required, including making any payments due to the supplier under the contract.

#### Guidance Note 1 – Typical Grounds for Termination

The grounds for termination of a contract will depend on the terms and conditions of the individual contract concerned. The following notes provide guidance on typical grounds for termination of a contract, but it is essential that REG/EUCL/EDCL is guided by the contract document itself:

- i. **Termination for convenience:** most contracts shall include a condition which enables REG/EUCL/EDCL to terminate the contract for its own convenience, without there being been any default by the supplier. Where REG/EUCL/EDCL terminates for its own convenience, it must make payment for all goods, works or services satisfactorily completed prior to termination and any other expenses incurred by the supplier.
- ii. **Termination for default:** most contracts shall include a condition which enables the REG/EUCL/EDCL to terminate the contract, where the supplier has failed to perform its obligations under the contract or to comply with an agreement reached through arbitration or other dispute resolution mechanism. The contract will often specify a procedure by which REG/EUCL/EDCL must formally notify the supplier of the default and give them time to correct the default, before actually terminating the contract. Where the REG/EUCL/EDCL terminates because of the supplier defaulting, it is normally permitted to procure the goods, works or services from another source and charge the original supplier for any additional costs incurred.
- iii. **Termination for corrupt practices:** most contracts shall include a condition which enables REG/EUCL/EDCL to terminate the contract, where the supplier has engaged in corrupt or fraudulent practices in competing for or implementing the contract. As with termination for default, REG/EUCL/EDCL shall procure the goods, works or services from another source and charge the original supplier for any additional costs incurred.
- iv. **Termination for insolvency:** most contracts include a condition which would enable REG/EUCL/EDCL to terminate the contract, where the supplier has become bankrupt or insolvent. In such cases, there is normally no compensation to the supplier.
- v. **Termination for force majeure:** most contracts shall include a condition which enables REG/EUCL/EDCL to terminate a contract, where the supplier has been unable to perform the contract for a specified period of time, due to an event of force majeure. In such cases, REG/EUCL/EDCL must normally make payment for all goods, works or services satisfactorily completed.

REG/EUCL/EDCL shall note that a contract will also give the supplier grounds for termination, which normally include failure by REG/EUCL/EDCL to make payments

## Procurement and Disposal Policies and Procedures

### Terminating a Contract

7.3

which are overdue by a specified period of time, force majeure or failure of REG/EUCL/EDCL to comply with an agreement reached through arbitration or other dispute resolution mechanism.

#### **Documents/Records Required:**

- 1 A copy of the notice terminating the contract, and the MD's approval to terminate, must be kept on the procurement file. Any other correspondence or documentation relating to the termination must also be kept on the procurement file.

#### **Next Steps:**

- 1 No further action is required following termination of a contract. Any new procurement proceedings, in place of the terminated contract, shall be treated as a completely separate procurement process and start from the requisition stage. Consideration shall be given to the reasons resulting to termination of the contract, to ensure that they are not repeated in any new procurement process.

#### **Key Control Processes**

- 1 MD's approval is required prior to terminating a contract.



## Procurement and Disposal Policies and Procedures

### Policy Statement

This guideline provides the general procedure for disposing-off REG/EUCL/EDCL assets. An asset shall mean any resource controlled by REG/EUCL/EDCL, from which REG/EUCL/EDCL expects to derive economic benefits over a period extending beyond one financial year.

### Policy Objective

Items can be available for disposal because they are:

- 1 Required to be disposed of under a particular policy e.g. motor vehicles
- 2 No longer required due to changed procedures, functions or usage patterns;
- 3 Occupying storage space and not being needed in the foreseeable future;
- 4 Reaching their optimum selling time to maximize returns;
- 5 No longer complying with occupational health and safety standards;
- 6 Found to contain hazardous materials
- 7 Beyond repair but able to be sold for scrap.

### Documents

- 1 *List of items for disposal*
- 2 *Valuation of items for disposal*

### Responsibility

- 1 *The head of Administration and Logistics (or otherwise delegated) is responsible for ensuring that the assets of REG/EUCL/EDCL are reviewed on an annual basis to identify those which are shall be disposed of. Normally, the various departments are well knowledgeable about assets in their department that need to be disposed of; hence, they shall promptly notify the head of Administration and Logistics so that a complete list of items to be disposed of is compiled and approval sought from the board of directors.*

### Procedures

- 1 Prepare a list of assets to be disposed of indicating their condition and value – (*see guidance note 1 for details on ascertaining the value of assets for disposal*);
- 2 Select an appropriate method of disposal based on the conditions and value of the asset to be disposed of – (*see guidance note 2 on the methods of disposal and factors to consider in selecting a disposal method*). See also guidance note 3 on the conditions for use of each method of disposal.

## Procurement and Disposal Policies and Procedures

### **Guidance note 1 for details on Ascertaining the Value of Assets for Disposal**

Prior to the disposal proceedings, all assets shall be valued by an independent valuer to provide an indication of the reserve price except for items of very small value. Valuation shall not be done for assets where the cost of valuation is likely to be in excess of the money expected to be realized through the disposal process.

### **Guidance note 2 - the methods of disposal and factors to consider in selecting a disposal method**

- 1 REG/EUCL/EDCL procurement Unit in collaboration with the user department shall select one of the following disposal methods:
  - i. Public auction;
  - ii. Public bidding;
  - iii. Direct negotiations;
  - iv. Exchange
  - v. Reselling to the original seller.
  - vi. Destruction of assets.
- 2 REG/EUCL/EDCL shall take into account the following factors in selecting a disposal method:
  - i. The potential market value of the asset;
  - ii. The volume of the asset, whether one-off or bulk;
  - iii. The number and location of potential bidders;
  - iv. The location of the asset;
  - v. Restrictions on export or end-users;
  - vi. National security and public interest issues;
  - vii. Health and safety issues;
  - viii. Legal or human rights issues;
  - ix. Environmental considerations; and
  - x. The trade-in value of the asset.

### **Guidance Note 3 - Conditions for use of each Method of Disposal.**

#### **1 Public Auction**

A public auction may be used where there are no conditions of end-user or export restrictions attached to the sale or there are a large number of potential bidders or assets to

## Procurement and Disposal Policies and Procedures

### Disposal of Assets

8

be disposed of in one location and where an onsite auction is arranged to avoid transport costs.

#### **2 Public Bidding**

Public bidding may be used:

- i. For high-value or unusual assets;
- ii. For assets located in remote areas;
- iii. For assets that have a geographically dispersed potential market;
- iv. For assets with end-user or export restrictions attached to their sale;
- v. Where conditions need to be attached to the sale of the asset; or
- vi. Where post-bid negotiations (may be required).

#### **3 Direct negotiations**

Direct negotiation shall only be used if at least public auction has been tried twice and no prospective buyer has been obtained or if an asset is harmful to the environment, national security or public health. It may also be used where:

- i. The market is limited and a single buyer who is willing to pay the reserve price has been identified;
- ii. National security, public interest, legal or human rights issues or environmental considerations are served by selling to a particular company, group or individual;
- iii. A potential buyer is a tenant, occupier or user of an asset at the time the decision to dispose of the asset is made, and it is reasonable to give that person first option to buy the asset at a market rate; or
- iv. An asset is located on a potential buyer's premises on a hire or free-use basis and it is reasonable to give that person first option to buy the asset at a market rate.

#### **4 Exchange:**

The exchange method shall be used for assets that have an insignificant value, obsolete or spoilt to the extent that they no longer serve any purpose and this method shall only be applied if proved that it has comparative advantages compared to other methods.

#### **5 Reselling to the original seller**

Reselling to an original owner is prohibited unless that asset is capable of being recycled into a new product and not capable of being destroyed or when manufacturing rights are exclusive.

## Procurement and Disposal Policies and Procedures

### Disposal of Assets

8

#### **6 Donation**

An asset may be donated to a public institution, non-profit making organisation or an association engaged in activities of general public interest. However, donation of an asset shall not be made to an individual.

#### **7 Destruction of assets**

Destruction of an asset shall be the least favoured method of disposal, but may be used

- i. On grounds of national security or public interest, health and safety, legal or human rights issues or environment considerations; or
- ii. Where the asset has no residual value and it cannot be transferred to another entity or converted or classified into another form with any value.

#### **Documents/Records Required**

Where an asset is to be sold, records of disposal shall contain the following documents, where appropriate:

- i. A request to initiate disposal proceedings;
- ii. A copy of an invitation notice, if any;
- iii. Copies of solicitation documents, their amendments or clarifications and any additional information.
- iv. A report of inspection of the assets by potential bidders;
- v. A record of the bid opening;
- vi. A copy of all bids evaluated, clarifications requested and responses received;
- vii. The evaluation report;
- viii. Minutes of meetings on the disposal, including negotiation proceedings;
- ix. A copy of a letter of bid acceptance to a successful bidder, if any;
- x. The contract/sale agreement/cash receipt, if any;
- xi. All documents related to contracts management, including records of receipts of payment and hand over certificates;
- xii. All correspondences between REG/EUCL/EDCL and the bidder, auctioneer or third party disposal agent.

#### **Next Steps:**

- 1 Update the REG/EUCL/EDCL asset register.

#### **Key Control Processes**

## **Procurement and Disposal Policies and Procedures**

### **Disposal of Assets**

8

- 1 Approval of the MD is required for the Independent Valuers who will ascertain the value of the items to be disposed of; and the disposal method.
- 2 The list of assets to be disposed of shall be approved by the Board of Directors.

## **Policy Statement**

- 1 All officers shall ensure they obtain, retain and maintain appropriate documentation supporting the activities for which they are responsible.
- 2 Senior managers involved in approval or authorisation shall ensure that any transactions they approve or authorise are backed by appropriate supporting documentation.

## **Policy Objective**

- 1 Documentary records, both in print or electronic format, are essential for efficient and effective management of activities, provide evidence in support of decisions and actions taken, and provide an audit trail for verification of transparency, accountability and effectiveness.
- 2 Efficient records management is essential to ensure effective storage, retrieval and use with due regard to security, integrity and confidentiality.

## **Documents**

- 1 *REG/EUCL/EDCL procurement user manual*

## **Responsibility**

- 1 *The Procurement unit has a general responsibility for maintaining procurement documents, and must ensure that complete documentation is maintained in respect of all procurement activities and for contracts entered into by REG/EUCL/EDCL.*

## **Procedure:**

- 1 All documents regarding a particular procurement case shall be kept for future reference and monitoring and control purposes for a period of ten years.
- 2 The filing structure for a procurement file is divided into four main sections with relevant details of each category as follows:
  - a. Correspondence**
    - i. Internal Correspondence between the Procurement Unit and other departments within REG/EUCL/EDCL
    - ii. External Correspondence between the Procurement Unit and outside Entities
    - iii. Correspondence with Suppliers.
    - iv. Internal Correspondence within Procurement Unit
  - b. Bidding Process**
    - i. Request for Expressions of Interest /Prequalification Records
    - ii. Shortlist or Advertisement

- iii. Bidding documents and Specifications/Terms of Reference
- iv. Correspondence with suppliers relating to Bidding (pre-order)
- v. Bids, Quotations or Pro-forma invoices received

**c. Bid Evaluation**

- i. Bid opening records
- ii. Record of Bid Securities
- iii. Evaluation Report
- iv. Submission to Tender Committee & relevant Minutes of decisions

**d. Contract Management**

- i. Notice of Contract Award
- ii. Contract/Purchase Order & Acknowledgement of receipt
- iii. Delivery Documentation
- iv. Inspection and Acceptance Reports
- v. After sales warranty and performance claims
- vi. Copy Invoices or Certificates
- vii. Copy of Payment Vouchers
- viii. Record of Retentions and release
- ix. Performance Security and release.

**Documents/Records Required**

- 1 The Procurement unit shall maintain a summary of all the records archived.

**Next Steps:**

None

**Key Control Processes**

- 1 The Managing Director has overall responsibility for authorizing access to and destruction of procurement records.

**Final provision**

This Procurement Procedures Manual repeals all previously Procurement manuals including but not limited to that dated 3<sup>rd</sup> September 2014.

Done at Kigali, on

**Jean Bosco MUGIRANEZA**  
**Chief Executive Officer**

**Prof. Manassé MBONYE**  
**Chairman, Board of Directors**