

CGIAR Procurement of Goods, Works and  
Services Guidelines  
Financial Guidelines Series, NO.6<sup>1</sup>

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[1] These Guidelines were developed by the former CGIAR Secretariat prior to the CGIAR reforms that took place in 2009, and are part of the **Financial Guidelines Series** which consists of:

No.1 CGIAR Financial Management (1999)

No.2 CGIAR Accounting Policies and Reporting Practices Manual (March 2004)

No.3 CGIAR Auditing Guidelines Manual (July 2001)

No.5 CGIAR Indirect Cost Allocation Guidelines (August 2001)

No.6 CGIAR Procurement of Goods, Works and Services (December 2002)

## Table of Contents

|   |           |
|---|-----------|
| <b>Preamble</b>   | <b>3</b>  |
| <b>1. Introduction</b>                                      | <b>5</b>  |
| 1.1 Purpose and Objectives.....                             | 5         |
| 1.2 Basic Principles.....                                   | 5         |
| 1.3 Applicability of Guidelines.....                        | 5         |
| <b>2. Procurement Integrity and Transparency</b>            | <b>7</b>  |
| 2.1 Confidentiality .....                                   | 7         |
| 2.2 Ethics and Conflict of Interest .....                   | 7         |
| 2.3 Anti-Fraud and Anti-Corruption.....                     | 8         |
| 2.4 Debarment of Firms .....                                | 9         |
| <b>3. Pre-Procurement Activities</b>                        | <b>11</b> |
| 3.1 Procurement Planning.....                               | 11        |
| 3.2 Use of Procurement Agents .....                         | 11        |
| 3.3 Dissemination of Procurement Information.....           | 11        |
| 3.4 Registration of Firms .....                             | 12        |
| 3.5 Pre-qualification and Pre-selection Process.....        | 12        |
| <b>4. Procurement Methods</b>                               | <b>14</b> |
| 4.1 General.....  | 14        |
| 4.2 Open Competition.....                                   | 14        |
| 4.3 Restricted Competition .....                            | 14        |
| 4.4 Request for Quotation.....                              | 15        |
| 4.5 Competitive Price Comparison.....                       | 15        |
| 4.6 Direct Contracting.....                                 | 15        |
| 4.7 Qualification of Firm .....                             | 16        |
| Individual Consultants .....                                | 17        |
| 4.8 Repetitive Procurement.....                             | 17        |
| 4.9 Alternate Supply Methods .....                          | 18        |
| 5. Procurement Process.....                                 | 19        |
| 5.1 Procurement Requisition and Approval.....               | 19        |
| 5.2 Invitation for Solicitation.....                        | 19        |
| 5.4 Evaluation Process .....                                | 20        |
| <b>6. Types of Contracts And Contract Administration</b>    | <b>28</b> |
| 6.1 Firm Fixed Price Contracts .....                        | 28        |
| 6.2 Lump Sum Contracts: .....                               | 28        |
| 6.3 Time-Based Contracts.....                               | 28        |
| 6.4 Contract Administration.....                            | 29        |
| <b>7. Procurement Documentation</b>                         | <b>30</b> |
| 7.1 Registration.....                                       | 30        |
| 7.2 Pre-Qualification/Pre-Selection .....                   | 30        |
| 7.3 Bidding Documents .....                                 | 32        |
| 7.4 Contract Formats.....                                   | 33        |
| <b>8. Monitoring, Control and Accountability Assessment</b> | <b>34</b> |
| 8.1 Monitoring Mechanism.....                               | 34        |

|     |   |           |
|-----|---|-----------|
| 8.2 | Post Review and Audit.....  | 34        |
| 8.3 | Accountability Assessment.....  | 34        |
|     | <b>Annex 1 – Responsibilities of Procurement Committee</b>                    | <b>36</b> |
|     | <b>Annex 2– Procurement Process Flow Chart</b>                                | <b>37</b> |
|     | <b>Annex 3 – Financial Threshold and Procurement Methods</b>                  | <b>38</b> |
|     | <b>Annex4 – Indicative Threshold for Purchase/Specialized Clearance Group</b> | <b>40</b> |
|     | <b>Annex 5– Procurement Steps for Open Competition</b>                        | <b>41</b> |
|     | Annex 6 -Procurement Steps for Research under Challenge Programs              | <b>42</b> |
|     | <b>Annex 7 – Salient Provisions of Bidding Documents</b>                      | <b>47</b> |
|     | <b>Annex 8 - Key Performance Indicators</b>                                   | <b>51</b> |
|     | Annex 9 Glossary of Terms   | 52        |

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## CONTEXT

In continuation of its series on “best practices” in fiduciary management and accountability the CGIAR approved its first procurement guideline – Financial Guideline No. 6 (FG6) in 2002 with the goal of providing a policy guidance to Centers on the best practices of procurement functions in international organizations. Since this initial guideline, the environment for fiduciary management and accountability both within and external to the CGIAR has changed significantly, shaped to a large extent by developments in corporate governance and accountability leading to changes in approaches and standards. In the external environment, major corporate governance scandals led to new thinking and regulatory requirements affecting the way business is conducted in both the private and public sectors. Furthermore, in the external environment, technological innovations continue to contribute to and drive organizational change. Internally, the CGIAR embarked on a series of reforms that were intended to “open up” the system and bring about efficiencies in its work. A key element of the CGIAR’s reform program has been “alignment”, which generally referred to the restructuring of programs, governance and corporate services to enable the CGIAR to conduct research with efficacy and efficiency, and thereby achieving greater impact. A number of CGIAR Centers have embarked on corporate services alignment, and it is expected that as the CGIAR deepens its reforms additional alignments will follow.

Against this back drop FG6 is being updated. This exercise has been undertaken with the assistance of a procurement expert working with Center finance and procurement professionals, and the CGIAR Secretariat.

This document sets forth an overall procurement policy for consulting services, services, goods and works required by Centers. It recognizes that, as a research organization, the CGIAR’s main procurement activity centers on the acquisition of intellectual assets (human resources and scientific knowledge), in addition to “corporate” type services (e.g., travel, facilities upkeep and operations) which are procured to support the research effort. The responsibility for the use of these guidelines and thereby the execution and administration of procurement rests with Centers which should ensure that their procurement procedures manuals are in compliance with the CGIAR’s approved policies contained in this document. Centers are encouraged to take advantage of technological innovations to also improve their procurement activities.

These guidelines, like the others in the FG series, provide another pillar in the CGIAR’s fiduciary risk management framework. Therefore, in recognition of the fact that procurement is also about managing risk, Centers should develop their own procedures that identify, assess, mitigate and monitor those risks in each phase in the procurement cycle, from planning to execution and monitoring. Centers’ procedures should explicitly adopt an internal control framework to guide their procurement practices in line with the spirit of these guidelines. The internal control framework for procurement builds on and

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shares commonalities with the internal framework for other fiduciary functions such as budgeting (operational and capital), financial management and financial reporting. These guidelines, therefore, suggest an assessment tool to be used by Centers to report their procurement activities.

**The Procurement Guidelines are intended to:**

- Provide a platform on which to anchor Center practices;
- Codify the broad principles underpinning existing practices such as:
  - economy and efficiency;
  - equity and open competition;
  - accountability and cost-effectiveness; and
  - Transparency of processes and across the board consistency in the implementation of Center programs.
- Provide a mechanism for maintaining and adapting procurement best practices for international development organizations.

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# 1. INTRODUCTION

## 1.1 Purpose and Objectives

The purpose of these guidelines is to assist the Centers and Programs hosted by Centers of the Consultative Group on International Agricultural Research (CGIAR) by providing information on the policies, principles and approaches which should be observed in carrying out procurement of consulting services (including the subcontracting of research services either directly or through competitive grant processes)<sup>1</sup>, other services, goods, and works.

## 1.2 Basic Principles

The following main principles underlie proficient procurement.

- (a) Economy and efficiency to achieve quality, cost effectiveness and timely delivery in procurement;
- (b) Equitable, fair and open competition giving all eligible/qualified bidders an opportunity to participate;
- (c) Accountability and cost-effective use of funds; and
- (d) Transparency of procurement process

The policies in these guidelines are designed to meet these principles.

## 1.3 Applicability of Guidelines

These guidelines normally apply to all contracts for consulting services, whether commissioned or awarded through competitive grant processes - where deliverable are of an intellectual and advisory nature (including subcontracting research services); to other types of services contracted on the basis of performance of measurable physical output, for example, janitorial, security, and travel services; goods, and works.

However, other donor procurement guidelines may apply, when expressly specified in a contractual agreement under which the procurement is to be financed.

## 1.4 Ineligibility

These guidelines are not applicable to barter transactions but allow, on exceptional basis, trade-in of same goods after determining the reasonable price of trade-in goods.

In the application of the guidelines, the following should be taken into consideration:

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<sup>1</sup> Glossary of terms used in this report is provided at the end of this report

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- (a) Firms engaged by Center to provide consulting services, and any of its affiliates, should be disqualified from subsequently providing goods, works or services connected directly or indirectly with the consulting services;
  - (b) Firms declared ineligible by the World Bank and United Nations or prohibited by Centers of the CGIAR because of disbarment as per the provisions of article 2.4 shall be disqualified; and
  - (c) Firms in which Center staff who are involved in procurement process or at managerial position in Center, or their close relatives (to be defined by Center policies), have a financial interest, shall be disqualified.

### 1.5 Contractual authority

Only the Center's director general or an authorized official with an express delegation of authority can sign purchase orders and contracts. Each Center will publish their delegations of authority outlining, by position of responsibility and dollar threshold, who can sign contractually binding documents.

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## **2. PROCUREMENT INTEGRITY AND TRANSPARENCY**

### **2.1 Confidentiality**

The procurement process under these guidelines must allow firms, individuals or research entities to compete for business on a fair basis. Staff associated with the procurement process have a responsibility to protect the integrity of the procurement process, maintaining fairness in the treatment of all potential suppliers of services, goods and works and shall be fully accountable for their actions. Staff shall not allow any firm's/individual's/research entity's access to information on a specific competitive procurements before such information is available to the business community at large. After the submission of bids and until the award is notified, no information relating to the examination, clarification, and evaluation of bids, nor to the recommendation concerning awards, should be communicated to any bidder or person not officially concerned with the procurement process. All firms' price information is proprietary and should be kept in confidence by Center staff and should be disclosed only to those individuals with a need to know.

### **2.2 Ethics and Conflict of Interest**

Procurement activities shall adhere to the highest professional, ethical, moral and legal standards. Procurement activities must be conducted in a manner above reproach with complete impartiality and with no preferential treatment. These require the highest degree of trust and an impeccable standard of conduct. Staff shall strictly avoid any conflict of interest or even an appearance of it in Center-contractor relationships. It is unethical for staff to present competitive information to induce a firm to meet nonexistent competitive provisions and to release firm's price information or another competitor's technical or proprietary data to another firm.

Conflicts of interest arise when officials involved in the procurement process also have a personal interest in the outcome of the decisions they are making because of some benefit they, their families or associates may derive from the decision. Staff members facing a conflict of interest must inform the Head of procurement, disclose such conflicts to the procurement committee of Center and recuse themselves from participating in the relevant procurement activity. With reference to any specific procurement, there shall be no contacts between Center staff, other than authorized procurement staff, and the firms after submissions of solicitation and until the contract award, in order to maintain transparency and fairness. All enquiries regarding the procurement must be directed to the authorized procurement officer. Staff shall not solicit or accept, directly or indirectly, any gratuity, gift, favor, entertainment or things of monetary value from anyone who has or is seeking to obtain business from the Center or has interests that may be affected by

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procurement awards<sup>2</sup>. Also, the staff shall not accept, directly or indirectly, any promise of future employment or favors with any person from a firm seeking to do business with the Center.

### 2.3 Anti-Fraud and Anti-Corruption

Contractors and partners providing services, goods and works to the CGIAR Centers must observe the highest standard of ethics during the selection and execution of such contracts.<sup>3</sup> In pursuance of this policy, these guidelines:

- (a) define, for the purposes of this provision, the terms set forth below as follows:
  - (i) “corrupt practice<sup>4</sup>” is the offering, giving, receiving or soliciting, directly or indirectly, of anything of value to influence improperly the actions of another party;
  - (ii) “fraudulent practice<sup>5</sup>” is any act or omission, including misrepresentation, that knowingly or recklessly misleads, or attempts to mislead, a party to obtain financial or other benefit or to avoid an obligation;
  - (iii) “collusive practices<sup>6</sup>” is an arrangement between two or more parties designed to achieve an improper purpose, including to influence improperly the actions of another party;
  - (iv) “coercive practices<sup>7</sup>” is impairing or harming, or threatening to impair or harm, directly or indirectly, any party or the property of the party to influence improperly the actions of a party;
  - (v) “obstructive practice”
    - (a) deliberately destroying, falsifying, altering or concealing of evidence material to the investigation or making false statements to investigators in order to materially impede a CGIAR investigation into allegations of a corrupt, fraudulent, coercive, or collusive practice; and/or threatening, harassing, or intimidating any party to prevent it

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<sup>2</sup> In sensitive and unavoidable situations as well as because of country customs, staff may accept small gifts with a value as determined by each Center. Receipt of any gifts above that value should be declined or if this is not possible should be reported and its disposition determined in accordance with the Center’s policy.

<sup>3</sup> In this context, any action taken by a contractor or a subcontractor to influence the selection process or contract execution for undue advantage is improper.

<sup>4</sup> For the purpose of these Guidelines, “another party” refers to a public official acting in relation to the selection process or contract execution. In this context “public official” includes CGIAR staff and employees of other organizations taking or reviewing selection decisions.

<sup>5</sup> For the purpose of these Guidelines, “party” refers to a public official; the terms “benefit” and “obligation” relate to the selection process or contract execution; and the “act or omission” is intended to influence the selection process or contract execution.

<sup>6</sup> For the purpose of these Guidelines, “parties” refers to participants in the procurement or selection process (including public officials and independent experts) attempting to establish contract prices at artificial, non competitive levels.

<sup>7</sup> For the purpose of these Guidelines, “party” refers to a participant in the selection process or contract execution.

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- from disclosing its knowledge of matters relevant to the investigation or from pursuing the investigation, or
- (b) acts intended to materially impede the exercise of the CGIAR's inspection and audit rights.
  - (b) will reject a proposal for award if it determines that the contractor recommended for award has, directly or through an agent, engaged in corrupt, fraudulent, collusive, coercive, or obstructive practices in competing for the contract in question;
  - (c) In case of an allegation or suspect that a firm has been involved in or is suspected of practicing fraud or corruption, the Head of the procurement unit shall bring the matter to the procurement committee which shall investigate the matter. Where it is found that there are grounds for the claims, the procurement committee, in consultation with the legal unit, will determine the terms of debarment. After approval by the Director General of Center, firms should be notified by the head of procurement unit of any such debarments.
  - (d) Debarred firms will be subject to the World Bank procurement policy on debarred firms and their names will appear on the list of debarred firms.

#### 2.4 Debarment of Firms

A firm shall be debarred from doing business with the Centers:

- (a) If the firm has, in the past three years, been debarred by any national government or the World Bank Group or United Nations;
- (b) If the firm is involved in "fraudulent practice" or "corrupt practice";
- (c) If in the performance of a contract, the firm was engaged in illegal or unethical practices;
- (d) If there is a consistent failure in the performance of contracts over the last two years;
- (e) If the firm fails to comply with Center procurement guidelines and procedures.

The period of suspension of firm depends upon the gravity of each case.

Under specific contractual agreements subject to the procurement rules of a donor, the donor's list of debarred firms will be given precedence.

#### 2.5 Protest and Complaint Process

Procurement related inquiries and complaints from firms, addressed to Center should be sent to the Director General of the Center, and copied to the Head of procurement. Each Center will establish a process for handling such complaints, but in general complaints determined by the Director General to be serious will be submitted for review by an independent panel. Complaints should be dealt in a prompt, careful and consistent manner. A communication to the protester should not compromise the confidentiality of the procurement process or of other bids.

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The Center will provide the protestor with formal written notification of the decision reached and the basis upon which this was made.

The Center may not normally debrief unsuccessful firms. However, in case of high value contracts, a debriefing may be conducted upon written request from an unsuccessful firm. The Head of procurement unit should conduct the debriefing and may invite other staff to join the debriefing, if such attendance is deemed appropriate.

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## **3. PRE-PROCUREMENT ACTIVITIES**

### 3.1 Procurement Planning

Sound planning and co-ordination of procurement is an important basis for an economic and efficient procurement. It involves a series of tasks performed by Centers' procurement unit. These include working with internal organizational units to forecast procurement requirements in different areas; determination of efficient procurement methods in each case; preparation of schedules for timely deliveries; managing the procurement process according to such schedules; co-ordination within and outside the Center during the process; and maintaining an optimal logistical administration.

Forecasting procurement requirements is accomplished through estimating services, goods and works in specified areas for the coming year and/or assessing needs by reviewing current procurement activities. This may allow, to the extent possible, to combine the requirements of more than one Center's unit, or collaborating with other Centers with similar requirements, in order to leverage quantities for achieving improved terms and conditions. The planning process depends heavily on the business realities of Centers relating to sources and magnitude of funding and the related timing. In the case of research programs, procurement planning is essential. The scope and size of procurement packages should be set in such a way that permits national firms to compete effectively, if there is well established and competitive national industry for such goods, works or services. During the last quarter of each year, to the maximum extent possible, Center staff should assess their needs for the coming year. Based on this, the procurement unit prepares a procurement plan with budgetary estimates and schedule for the Center. This plan should include all procurements – replacements, new purchases and capital investments. The plan should be reviewed and endorsed by Center's Management Committee or its designated sub-committee.

### 3.2 Use of Procurement Agents

In case of the Center lacking the necessary organization, resources, or experience, it may be most efficient and effective for the Center to procure items through the specialized agencies of the United Nations, other international public organizations, or through a procurement agent that specializes in handling procurement for particular services, goods and works. Similarly, the Center may wish to employ inspection agents to certify quality and quantity of procured goods. Also, to facilitate custom clearance for imported items, agents may be required by Centers. In such cases, procurement and inspection agents shall be selected in accordance with these guidelines. Procurement agents should be selected and engaged on the basis of their professional experience and proven ability to carry out the work to the highest ethical and technical standards. The procurement agents should strictly follow these guidelines for all the procurements of Center.

### 3.3 Dissemination of Procurement Information

Publicity is one of the most important elements of procurement process because it attracts the maximum possible numbers of eligible/qualified bidders. Timely, appropriate

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notification of procurement opportunities is essential to achieve optimal competition for economy and efficiency of procurement. Therefore, for competitive procurements of high value services, goods and works, the research partner and business communities should be notified in a timely manner of the opportunity to bid for specific contracts. To that objective, invitation to pre-qualify or to bid, as the case may be, should be advertised in at least one national media where Center is located. Also, advertisements on Center's external website, if available, should be used for high value procurements. Publication of such invitation may also, if deemed necessary, be encouraged in the UN Development Business Online and/or Development Gateway at [www.dgmarket.com](http://www.dgmarket.com). Qualified firms and partners already registered on the Center's data base should also be officially notified. Notification should be made in an adequate amount of time that will promote effective competition within the markets being sourced, and to enable prospective firms to obtain pre-qualification or bidding documents and prepare and submit their responses in adequate time.

### 3.4 Registration of Firms

The registration of firms is a critical aspect of procurement of goods, works and services as, at this stage, the capability and capacity of firms to offer their products at acceptable levels of quality, delivery and performance can be determined. The Center's procurement unit is responsible for maintaining a database of firms and partner organizations which are eligible to provide the Center with services, goods and works. It has the responsibility to ensure that there are a sufficient number of firms and partners that have been accredited for eligibility for the main types of services, goods and works. Firms' eligibility shall be based on clearly defined factors, such as past experience in delivery of the services, goods or works, the expertise of human resources in the firm or partner and its financial capability.

On finalization of the Center's procurement plan for the coming year, the procurement unit shall advertise in a national media (or its own web site, where possible), where Center is located, inviting firms to submit their qualifying information for different types of goods, works and services required for the coming year. The procurement unit reviews the firm's qualifying information for its registration. In addition, procurement unit should seek additional prospective firms on an on-going basis for registration in order to ensure an optimal base of suppliers.

The selection of firms for invitation should be conducted by the Procurement Committee.

### 3.5 Pre-qualification and Pre-selection Process

For large, complex or specialized nature of goods and works, a pre-qualification process may be useful. That ensures that invitations to bid are extended only to those that have adequate capability and resources. Also, for selection of consulting services and research grants, it is essential that only qualified and experienced firms<sup>8</sup> for the specified task may

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<sup>8</sup> The term "firm" includes also joint ventures or consortium formed to express participation in a procurement process

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be invited. Pre-qualification or pre-selection shall be based entirely upon the capability and resources of prospective firms to perform the particular contract satisfactory. It shall take into consideration (i) experience and past performance on similar contracts; (ii) capability with respect to personnel and other resources; and (iii) financial capability.

The invitation for pre-qualification or pre-selection for specific contracts of high value should be advertised and notified as described in paragraph 4.3. The requirements for pre-qualification or pre-selection shall be sent to those who respond to the invitation as well as firms which are selected by the procurement unit from the registration list. All firms that meet the specified criteria established for the particular contract of services, goods, or works should be requested to submit bids. In case of consulting services at least three best qualified firms with a geographic spread (to the extent possible) should be invited to submit their proposals. The pre-qualification or pre-selection should be conducted on the basis of a pass/fail system of the required criteria and should not be subjected to a scoring system. The procurement committee should clear the final short list of pre-qualified/pre-selected firms. In the case of research projects, a management committee created for the purpose of prequalification of bidders should prepare the final short list and seek ratification from the Center's governance body.

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## 4. PROCUREMENT METHODS

### 4.1 General

Experience has demonstrated that open competition to all eligible and qualified individuals, firms or research entities, as appropriate, achieves the basic principles of the guidelines most effectively. Therefore, in procurement of services, goods and works, the first consideration should be given to open competition in determining the procurement method to be used by Centers. There are, however, cases where open competition would not be the most economic and efficient procurement, and other methods may be deemed necessary. Depending on the nature, size, value and delivery of procurement, the Center may use the appropriate method. Annex 3 provides guidance to the Centers on the procurement methods in relation to financial thresholds<sup>9</sup>. The following paragraphs describe these procurement methods.

### 4.2 Open Competition

The purpose of open competition (see Annex 5) is to give all eligible prospective individuals, firms or research entities adequate and timely notification of Center's requirements and to give them equal access and a fair opportunity to compete for contracts for the required services, goods or works. The procurement opportunity should be advertised so as to allow all those who are eligible the reasonable facilities to participate. Open competition requires formal bidding procedures and documentation. For procurement of goods with complex technical specifications and standards, a two-stage bidding procedure may be used, under which first un-priced technical proposals are invited and after technical clarifications and adjustments, final technical proposals and priced bids are submitted. Depending upon the nature and scope of procurement, the likelihood of attracting competition outside Center's country, and the development status of the national manufacturing, construction or consulting industry, the procurement could be on an international or national basis. The provisions required for international or national open competition are almost of similar nature (see paragraph 5.3).

### 4.3 Restricted Competition

Restricted competition is essentially a competition by direct invitation without open participation. Goods and works which are of a specialized nature or available only from a limited number of suppliers may be procured through restricted tendering where it can be clearly shown that no advantage could be gained through an open process. A two-stage process as described in paragraph 4.2 could also be applicable under restricted competition. Under this procedure, bids may be invited only from three to five potential firms, with the shortlist size being broad enough to assure competitive prices. For

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<sup>9</sup>Disaggregation of procurements in order to circumvent a specified procurement method is prohibited, unless in special circumstances subdivision into separate contracts for different delivery date may facilitate procurement and distribute the risk of delays.

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consulting services, the competition would be restricted to at least three best pre-selected firms.

#### 4.4 Request for Quotation

This procurement method is a variant of the restricted competition method described in paragraph 4.3 above, and is based on comparing price quotations obtained from several firms, preferably from three to five firms, national or international, to assure competitive prices. This method may be appropriate for procuring goods of standard specifications or contracting of small works with a low dollar value. Requests for quotation should include description of goods (if necessary, with indication of equivalency with part number, trade mark or quality standards) or scope of work, as well as the desired delivery or completion period. Quotations may be submitted by fax or mail and are not subjected to a formal invitation, acceptance, opening and evaluation process. The evaluation of quotations should follow sound private sector practices which take into consideration price, quality, delivery terms and standardization aspects of goods and works. Request for quotation on an international basis should obtain quotations from at least two different countries. Request for quotation on a national basis are primarily for goods that are easily available from many sources within the country where the Center is situated.

#### 4.5 Competitive Price Comparison

For low dollar value and urgent [see article 4.6 (e)] procurement of goods and works, telephonic, electronic or oral offers should be obtained from at least two firms and duly recorded by the Center's procurement unit. The procurement should be in accordance with sound commercial practices, with due consideration of price, quality, delivery terms and payment terms.

#### 4.6 Direct Contracting

Direct contracting without competition (single sourcing) may be an appropriate method for services, goods or works of small value. It may be suitable also under the following circumstances:

- (a) An existing contract for goods, works or services, which has been awarded earlier in accordance with the guidelines, may be extended for additional goods, works or services of a similar nature with a value of not more than 20 percent of the initial contract value;
- (b) Standardization of spare parts and goods to be compatible with existing goods may be justified to procure from the original supplier at a fair and reasonable price;
- (c) The required item is of proprietary nature and obtainable from only one source or only one firm is fully qualified with clear cost advantages or has the exceptional experience;
- (d) A donor may have already approved a proposal which confirms the partners and the amounts of the project budget;

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- (e) When in exceptional circumstances, it would not be in the interest of the Center to proceed with the normal procurement process in situation of emergency. For the purpose of these guidelines , an emergency situation is defined as exceptional circumstances as defined in the Center’s Standard Operating Procedures and it would not be in the interest of the Center to use a competitive exercise. Procurement action conducted under emergency must be documented and approved by an authorized officer.
  - (f) When another CGIAR Center or another international development organization have recently completed a competitive exercise and awarded a contract for identical goods or services, the Center can bypass the competitive bidding exercise and, with the assent of the international organization and the contractor, award a contract or purchase order with the same price, terms and conditions to the incumbent contractor.

Direct contracting under the Competitive Grants will follow the provisions of Annex 6.

Decisions for direct contracting must be fully documented and qualify and under one of the situations (a) to (f) above and be approved in advance by a Center’s accountable official in a position of oversight of the procurement unit.

In all cases, the procurement officer must ensure that the Center is getting value for money and the prices paid, terms and conditions are competitive. Past prices paid for similar contracts by the Center and historical data from other Centers can be used for price comparisons purposes.

For cases falling outside the thresholds for direct contracting provided in Annex 3 and on an exceptional basis, the procurement committee will consider exceptions and recommend for subsequent approval by the Director General, if so required.

#### 4.7 Qualification of Firm

This method may be used for very small consulting assignments for which the need for inviting, preparing and evaluating consulting proposals in a competitive process is not justified. For such cases, Center should prepare the Terms of Reference and request an expression of interest from at least three firms, together with information from the firms on their experience and qualification relevant to the assignment; and then select the firm with most appropriate experience. The selected firm is then requested to submit technical and financial proposals for negotiation of the contract.

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## Individual Consultants

Individual consultants are employed on assignments for which (a) teams of personnel are not required, (b) no additional outside (home office) professional support is required, and (c) the experience and qualifications of the individual are the paramount requirement. When coordination, administration, or collective responsibility may become difficult because of the number of individuals, it would be advisable to employ a firm.

Individual consultants are selected on the basis of their qualifications for the assignment.

Advertisement is not required and consultants do not need to submit proposals. Consultants shall be selected through comparison of qualifications of at least three candidates among those who have expressed interest in the assignment or have been approached directly by the Center. Individuals considered for comparison of qualifications shall meet the minimum relevant qualifications and those selected to be employed by the Center shall be the best qualified and shall be fully capable of carrying out the assignment. Capability is judged on the basis of academic background, experience, and, as appropriate, knowledge of the local conditions, such as local language, culture, administrative system, and government organization.

From time to time, permanent staff or associates of a consulting firm may be available as individual consultants. In such cases, the conflict of interest provisions described in these guidelines shall apply to the parent firm.

Individual consultants may be selected on a direct contracting basis with due justification in exceptional cases such as: (a) tasks that are a continuation of previous work that the consultant has carried out and for which the consultant was selected competitively; (b) assignments with total expected duration of less than six months; (c) emergency situations and (d) when the individual is the only consultant qualified for the assignment.

### 4.8 Repetitive Procurement

Goods and services which are typically required on a repetitive basis such as office supplies and corporate services-types of technical services may be procured through restricted tendering, provided the goods and services have been originally provided through a competitive process. Under this procedure, bids may be invited from at least the first three lowest responsive bidders which had submitted responsive bids for the earlier purchase order or contract. In exceptional cases, if the winning bid was clearly superior to the other bids in terms of price, reliability and performance, the additional items may be procured instead by placing a repeat order with the supplier which provided the same items previously, provided the price to be paid for the repeat order is not more than the original price. The repeat order should, however, follow the earlier order within the life duration of the contract and the additional quantities shall not exceed the original quantities. Repetitive procurement cannot be used to bypass the competitive process.

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#### 4.9 Alternate Supply Methods

In order to take advantage of volume discounts and improved contractual terms as a result of consolidation of quantities, Centers are encouraged to develop when possible, supply arrangements (umbrella contracts or standing offers) with suppliers of goods or services used by multiple users. Cooperation between Centers is encouraged to develop these supply methods and negotiate price discounts based on consolidation of quantities.

#### 4.10 Lease versus Buy Decisions

When procuring capital equipment (photocopiers, servers, etc.) sometimes a lease/buy analysis should be performed to determine which is more advantageous to the Center—leasing the equipment or purchasing the equipment. Considerations such as funding, technological evolution and long term needs, must be taken into account by the requisitioning office before recommending a lease versus buy analysis.

The procuring officer will compare the cost of leasing with the cost of buying an identical item.

The analysis should include a comparison of the total cost of the lease payments over the duration of the lease, and other non-cost factors, to the proposed purchase price of the equipment and any additional costs that would apply such as estimated delivery charges not included in the purchase price, the installation costs; maintenance costs anticipated over the expected useful life of the equipment and any warranty costs not included in the purchase price.

The lower total of the two is the preferred cost and should be recommended for acquisition.

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## **5. PROCUREMENT PROCESS**

### **5.1 Procurement Requisition and Approval**

The staff requiring services, goods or works starts the requisition process through completing the internal requisition process of the Center. This may be a manual or electronic process. The requisition should include a functional and performance description of the services, goods or works required, quality requirements, schedule of deliveries, and other special identifying characteristics. In the case of goods, the description should include all technical specifications when necessary (manufacturer's part number in the case of spare parts); norms and applicable standards; functional guarantees; inspection requirements; installation and commissioning needs, etc. In the case of works, the requisition should describe the scope of works, quality standards of different materials to be used, handling of defects, etc. For services, these should provide terms of reference, qualification and experience of staff required and deliverables such as reports. The requisitioning staff may provide some background information on the procurement relating to suitable vendors, price estimate, etc. but the use of this information is subject to discretion of procurement staff.

The requisition should follow the Center's authorization procedures. The clearance thresholds for requisition approval are suggested in Annex 3. For certain goods and services, such as office technology, furniture, etc., clearance should also be obtained from specific groups (see Annex 4) to ensure standardization at Center level. The required process should be enforced by the procurement unit. Any amendment and change to an approved requisition will be handled through amendment order after undergoing the same earlier clearance and approval process.

The flow chart in Annex 2 illustrates the procurement process.

### **5.2 Invitation for Solicitation**

Upon approval of the requisition, and based on the method of procurement identified in the procurement plan (Para 2.1) or in accordance with the procurement method provided in the Annex 3 of the guidelines, the procurement unit should schedule the activities required for the procurement of the services, goods or works. The procurement steps involved in case of an open competition are listed in Annex 5. The procurement steps involved in the cases of competitive grants are listed in Annex 6.

### **5.3 Content of Solicitation Documents**

The aim of the solicitation should be to furnish all information necessary for a prospective firm to prepare in a complete manner its bid, quotation or proposal for services, goods or works to be provided. While the detail and complexity of solicitation package may vary with the size, nature and method of procurement of the proposed package, these generally include: invitation to bid; instructions to submit bids; conditions of contract; description, specifications, scope, technical and personnel requirements; delivery schedules; and other necessary appendices and formats for different requirements). The factors for evaluation and selection of the successful bid should be

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clearly outlined. Each Center should develop its standardized solicitation documents. The solicitation document should indicate whether it intends to make multiple awards.

For expedited procurement requests from requisitioning staff, procurement unit should obtain the approval of the procurement committee<sup>10</sup>.

The period for the solicitation response is determined by the procurement unit. However, it should be sufficiently long to allow prospective firms to participate and submit a bid for the procurement. The Procurement officer should provide any clarification to a respondent's question and must be provided, in writing, to all other interested firms receiving the solicitation. The procurement staff authorized for the procurement should be the only staff to correspond with firms prior to award of contract. Bids are received, by procurement unit, until a specific time on the date specified in the solicitation package and opened immediately after the deadline of submission in presence of those bidders that wish to attend the opening process<sup>11</sup>. Bids received after the due date shall not be accepted. Bidders are not permitted to alter bids after these have been opened. However, clarifications which will not change the substance of bids may be accepted in writing. With the emergence of electronic tendering systems, this whole process may be efficiently and effectively managed, with programmed controls and audit trails available, through such systems.

#### **5.4 Evaluation Process**

Prior to issuing a solicitation, the procurement unit should appoint, primarily for high value contracts, an evaluation team of preferably three members. The evaluation team should include the technical person responsible for the requisition and the assigned procurement officer. It may include other knowledgeable staff, as deemed necessary. Individual evaluation team members must not be in a conflict of interest, real or perceived. If so, they should inform the Head of procurement, recuse them from the evaluation process and the Head of procurement will appoint a new evaluation team member. The team should be responsible for establishing the technical and other evaluation factors for procurement of goods and works as well as criteria and their weight for procurement of consulting services included in the solicitation package. Subsequently the evaluation team reviews and evaluates the technical and financial bids or proposals accordingly. The evaluation for goods and works contracts should be carried out in either one stage or in a two-stage bidding process, in which technical bids shall be invited in the first-stage and after evaluation, revised technical and price bids should be invited from qualified bidders of the first stage.

The evaluation process for competitive grants by Centers or Challenge Programs will follow the steps described in Annex 6.

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<sup>10</sup> Such exceptions should be sought for legitimate emergencies and not for those instances where the requisitioning unit has failed to plan ahead such procurement.

<sup>11</sup> The presence of bidding firms in the bid opening applies only for the open competition method.

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For goods, other factors, in addition to price, may be taken into consideration; these include the cost of transportation, insurance, after sale service and availability of spare parts, and any other necessary price-related factor.

In the case of capital equipment, the total cost of ownership should be considered as an evaluation criteria. The combined costs of unit price, plus installation, training, maintenance, operations and disposal is taking into account for evaluation purposes. The factors should be such that these, to the extent possible, are expressed in monetary terms. The recommendation for award is based on the bidder quoting the lowest overall cost.

For works, the evaluation should normally be in monetary terms. Any procedure under which bids above or below a pre-determined estimate of package value are automatically disqualified is not acceptable. For urgent goods and works, the benefit value of early delivery or completion may be taken into consideration according to criteria included in the solicitation package. If a bid for goods or works contains material deviations from the terms, conditions and specifications in the solicitation package, it should be disqualified and not considered further. The bids with the lowest evaluated price, not necessarily the lowest submitted price, should be selected for award.

### **5.5 Consulting Services: Evaluation of Proposals: Quality Cost Base Selection (QCBS)**

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

#### **5.5.1 Evaluation of the Quality**

The evaluation team shall evaluate each technical proposal taking into account several criteria: (a) the Consulting Firms's relevant experience for the assignment, (b) the quality of the methodology proposed, (c) the qualifications of the key staff proposed, (d) transfer of knowledge, if required in the terms of reference (TOR), and (e) the extent of participation by nationals among key staff in the performance of the assignment. Each criterion shall be marked on a scale of 1 to 100. Then the marks shall be weighted to become scores. The following criteria and weights are indicative. The actual percentage figures to be used shall fit the specific assignment and shall be within the ranges indicated below. The proposed weights shall be disclosed in the RFP.

Consultant's specific  
experience: 0 to 10 points

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|   |                 |
|---|-----------------|
| Methodology:  | 20 to 50 points |
| Key personnel:  | 30 to 60 points |
| Transfer of knowledge (if applicable):                    | 0 to 10 points  |
| Participation by nationals: <sup>12</sup> (if applicable) | 0 to 10 points  |
| Total:  | 100 points      |

The evaluation criteria will be divided into sub criteria. For example, sub criteria under methodology might be *innovation* and *level of detail*. However, the number of sub criteria should be kept to the essential. The weight given to experience can be relatively modest, since this criterion has already been taken into account when developing the list of bidders. More weight shall be given to the methodology in the case of more complex assignments.

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

- (a) general qualifications: general education and training, length of experience, positions held, time with the consulting firm as staff, experience in developing countries, and so forth;
- (b) adequacy for the assignment: education, training, and experience in the specific sector, field, subject, and so forth, relevant to the particular assignment; and
- (c) experience in the region: knowledge of the local language, culture, administrative system, government organization, and so forth.

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

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

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<sup>12</sup> As reflected by nationals among key staff presented by foreign and national firms.

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### **5.5.2 Evaluation of Cost/Price**

After the evaluation of quality is completed, the Center shall inform the bidders of the technical points assigned to each consultant and shall notify those consultants whose proposals did not meet the minimum qualifying mark or were considered nonresponsive to the RFP and TOR that their financial proposals will not be considered (or accessed in the case of e-tendering) and will be returned unopened (or deleted in the case of e-tendering) after the signature of the contract. The Center shall simultaneously notify the consulting firms that have secured the minimum qualifying mark, the date, time, and place set for the opening the financial proposals. The opening date shall be defined allowing sufficient time for consultants to make arrangements to be present (physically or virtually) at the opening of the financial proposals. The financial proposals shall be opened publicly in the presence of representatives of the consultants who choose to attend (in person or online). The name of the consultant, the overall technical score, and the proposed prices shall be read aloud (and posted online when electronic submission of proposals is used) and recorded when the financial proposals are opened, and a copy of this record shall be kept on file. The Center shall also prepare the minutes of the public opening and a copy of this record shall be promptly sent to all consultants who submitted proposals and a copy kept on file.

The Center's Head of procurement shall then review the financial proposals. For the purpose of comparing proposals, the costs shall be converted to a single currency selected by the Center (local currency or fully convertible foreign currency) as stated in the RFP. For the purpose of evaluation, "cost" shall exclude local identifiable indirect taxes<sup>13</sup> on the contract and income tax payable to the country of the Center on the remuneration of services rendered in the country of the Center by non-resident staff of the consultant. The cost shall include all consultants' remuneration and other expenses such as travel, translation, report printing, or secretarial expenses. The proposal with the lowest cost may be given a financial score of 100 and other proposals given financial scores that are inversely proportional to their prices. Alternatively, a directly proportional or other methodology may be used in allocating the marks for the cost. The methodology to be used shall be described in the RFP.

### **5.5.3 Combined Quality and Cost Evaluation**

The total score shall be obtained by weighting the quality and cost scores and adding them. The weight for the "cost" shall be chosen, taking into account the complexity of the assignment and the relative importance of quality. The weight for cost shall normally be 20 points out of a total score of 100. The proposed weightings for quality and cost shall be specified in advance in the RFP. The firm obtaining the highest total score shall be invited for negotiations.

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<sup>13</sup> All indirect taxes levied on the contract invoices, at National, State (or Provincial) and Municipal levels.

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## **5.6 Other Selection Methods**

This section describes the selection methods other than QCBS, and the circumstances under which they are acceptable. All the relevant provisions of Section 4.4 (QCBS) shall apply whenever competition is used.

### **5.7 Quality-Based Selection (QBS)**

QBS is appropriate for the following types of assignments:

- (a) complex or highly specialized assignments for which it is difficult to define precise TOR and the required input from the consultants, and for which the client expects the consultants to demonstrate innovation in their proposals ;
- (b) assignments that have a high downstream impact and in which the objective is to have the best experts (for example, feasibility and structural engineering policy studies of national significance, management studies); and
- (c) Assignments that can be carried out in substantially different ways, such that proposals will not be comparable (for example, management advice, and sector and policy studies in which the value of the services depends on the quality of the analysis).

In QBS, the RFP may request submission of a technical proposal only (without the financial proposal), or request submission of both technical and financial proposals at the same time, but in separate envelopes (two-envelope system). The RFP shall provide either the estimated budget or the estimated number of key staff time, specifying that this information is given as an indication only and that consultants shall be free to propose their own estimates.

If technical proposals alone were invited, after evaluating the technical proposals using the same methodology as in QCBS, the Center shall ask the consultant with the highest ranked technical proposal to submit a detailed financial proposal. The Center and the consultant shall then negotiate the financial proposal<sup>14</sup> and the contract. All other aspects of the selection process shall be identical to those of QCBS. If consultants were requested to provide financial proposals initially together with the technical proposals, safeguards shall be built in as in QCBS to ensure that the price proposal of only the selected firm is opened and the rest returned unopened, after the negotiations are successfully concluded.

### **5.8 Selection under a Fixed Budget (FBS)**

The RFP shall indicate the available budget and request the consultants to provide their best technical and financial proposals in separate envelopes, within the budget. The TOR should be particularly well prepared to make sure that the budget is sufficient for the consultants to perform the expected tasks. The evaluation of all technical proposals shall be carried out first as in the QCBS method. Then the price proposals shall be opened in public and prices shall be read out aloud. Proposals that exceed the indicated budget shall

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<sup>14</sup> Financial negotiations under QBS include negotiations of all consultants' remuneration and other expenses.

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be rejected. The Consultant who has submitted the highest ranked technical proposal among the rest shall be selected and invited to negotiate a contract.

### **5.9 Least-Cost Selection (LCS)**

This method is only appropriate for selecting consultants for assignments of a standard or routine nature (audits, engineering design of noncomplex works, and so forth) where well-established practices and standards exist. Under this method, a “minimum” qualifying mark for the “quality” is established. Proposals, to be submitted in two envelopes, are invited from a short list. Technical proposals are opened first and evaluated. Those securing less than the minimum qualifying mark<sup>15</sup> are rejected, and the financial proposals of the rest are opened in public. The firm with the lowest price shall then be selected. Under this method, the minimum qualifying mark shall be established, understanding that all proposals above the minimum compete only on “cost.” The minimum qualifying mark shall be stated in the RFP.

### **5.10 Selection Based on the Consultants’ Qualifications (CQS)**

This method may be used for small<sup>16</sup> assignments for which the need for preparing and evaluating competitive proposals is not justified. In such cases, the Center shall prepare the TOR, request expressions of interest and information on the consultants’ experience and competence relevant to the assignment, establish a short list, and select the firm with the most appropriate qualifications and references. The selected firm shall be asked to submit a combined technical-financial proposal and then be invited to negotiate the contract.

### **5.11 Consulting Services: Negotiations and Award of Contract**

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

The selected firm should not be allowed to substitute key staff, unless both parties agree that undue delay in the selection process makes such substitution unavoidable or that such changes are critical to meet the objectives of the assignment.<sup>17</sup> If this is not the case

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<sup>15</sup> This method shall not be used as a substitute for QCBS and shall be used only for the specific cases of very standard and routine technical nature where the intellectual component is minor. For this method the minimum qualifying mark shall be 70 points or higher.

<sup>16</sup> Dollar thresholds defining “small” shall be determined by each Center

<sup>17</sup> Defining realistic proposal validity periods in the RFP and carrying out an efficient evaluation minimizes this risk.

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and if it is established that key staff were included in the proposal without confirming their availability, the firm may be disqualified and the process continued with the next ranked firm. The key staff proposed for substitution shall have qualifications equal to or better than the key staff initially proposed.

Financial negotiations shall include clarification of the consultants' tax liability in the Center's country (if any) and how this tax liability has been or would be reflected in the contract. As Lump-Sum Contracts payments are based on delivery of outputs (or products), the offered price shall include all costs (staff time, overhead, travel, hotel, etc.). Consequently, if the selection method for a Lump-sum contract included price as a component, this price shall not be negotiated. In the case of Time-based Contracts, payment is based on inputs (staff time and reimbursable) and the offered price shall include staff rates and an estimation of the amount of reimbursable. When the selection method includes price as a component, negotiations of staff rates should not take place, except in special circumstances, such as when staff rates offered are much higher than typically charged rates by consultants for similar contracts. Consequently, the prohibition of negotiation does not preclude the right of the client to ask for clarifications, and, if fee are very high, to ask for change of fees. Reimbursable expenses are to be paid on actual expenses incurred at cost upon presentation of receipts and therefore are not subject to negotiations. However, if the Center wants to define ceilings for unit prices of certain reimbursable expenses (like travel or hotel rates); they should indicate the maximum levels of those rates in the RFP or define a per diem in the RFP.

If the negotiations fail to result in an acceptable contract, the Center shall terminate the negotiations and invite the next ranked firm for negotiations. The consultant shall be informed of the reasons for termination of the negotiations. Once negotiations are commenced with the next ranked firm, the Center shall not reopen the earlier negotiations. After negotiations are successfully completed the Center shall promptly notify other firms on the short list that they were unsuccessful.

#### **5.12 Services, Goods and Works : Negotiations Selection for Award and Contract Approval**

Within the period of the validity of bids, quotations or proposals, Center should award the contract to the firm which meets the qualification criteria of capability and resource and whose bid, quotation or proposal has been determined to be substantially responsive to requirements in the solicitation package, and which offers the lowest evaluated cost. Negotiation should not include requests to undertake responsibilities for work not stipulated in the solicitation package, to modify the bid substantially, to change the resources offered, or to reduce the unit prices as originally submitted<sup>18</sup>.

In case the firm offering the lowest evaluated cost for goods, works or services does not enter into contract in accordance with the requirements in the solicitation package, the Center should invite, after obtaining approval from the procurement committee, the next ranked firm for finalization of contract. Rejection of the bidding process is justified only

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<sup>18</sup> This does not apply to contracts procured under direct contracting, qualification of firm or individual consultant.

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when there is a lack of effective competition, or bids are not substantially responsive. However, lack of competition should not be determined solely on the basis of the number of bids, quotations or proposals. Rejection of bids should be approved by the procurement committee. Bids should not be rejected and new bids invited if the lowest evaluated responsive bid exceeds the cost estimate by a substantial margin. In such cases, the Center may negotiate with the lowest evaluated firm in order to obtain a satisfactory contract through marginal adjustments in the scope of contract. A substantial reduction in the scope of contract may require new solicitation from the initially pre-qualified or pre-selected firms or from only those that submitted bids in the first instance. Prior to award, the procurement unit should obtain approval from the units as provided in Annex 4 and from the legal unit, if necessary. In case of technical services contracts, clearance may be necessary from the Center's respective technical unit. Once all approvals are obtained, the procurement unit provides written notification to the selected firm as well as to other participants in the bidding process. The procurement unit is responsible for preparation of the purchase order or contract. These documents should be cleared by the head of unit(s) indicated in Annex 4.

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## **6. TYPES OF CONTRACTS AND CONTRACT ADMINISTRATION**

There are a number of common types of contracts. The contract should be drawn up with the objective of equitably distributing the obligations and risks related to the procurement so as to obtain the most economical price and efficient execution. Centers shall use the most appropriate contract form for the specific procurement. For goods, contract may be tailored for delivery, installation and commissioning. Works contracts may be on the basis of “unit” rates or lump sum. In case of consulting services, the form of contract may be lump sum, time-based, service level agreement-based or individual consultant contracts. Listed below are most commonly used contract types.

### **6.1 Firm Fixed Price Contracts**

Firm fixed price contracts are used for the purchase of simple goods and commodities where the contractor is required to deliver items under a purchase order.

### **6.2 Lump Sum Contracts:**

Lump sum contracts are used mainly for assignments in which the content and the duration of the services and the required output of the consultants are clearly defined. They are widely used for simple planning and feasibility studies, environmental studies, detailed design of standard or common structures, preparation of data processing systems, and so forth. Payments are linked to outputs (deliverables), such as reports, drawings, bills of quantities, bidding documents, and software programs. With lump sum contracts, payments are made on clearly specified outputs.

### **6.3 Time-Based Contracts**

This type of contract is appropriate when it is difficult to define the scope and the length of services, either because the services are related to activities by others for which the completion period may vary, or because the input of the consultants required to attain the objectives of the assignment is difficult to assess. This type of contract is widely used for complex studies, research, supervision of construction, advisory services, and most training assignments. Payments are based on agreed hourly, daily, weekly, or monthly rates for staff (who are normally named in the contract) and on reimbursable items using actual expenses and/or agreed unit prices. The rates for staff include salary, social costs, overhead, fee (or profit), and, where appropriate, special allowances. This type of contract shall include a maximum amount of total payments to be made to the

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consultants. This ceiling amount should include a contingency allowance for unforeseen work and duration, and provision for price adjustments, where appropriate. Time-based contracts need to be closely monitored and administered by the Center to ensure that the assignment is progressing satisfactorily

#### 6.4 Contract Administration

Contract administration is an important function of procurement and consists of a series of activities performed by the Center's procurement unit. These include:

- (a) Monitoring current contract status;
- (b) Reviewing performance of supplier or contractor and resolving performance problem;
- (c) Initiating payments to supplier or contractor, including determination of claims and other changes;
- (d) Issuing formal modifications to existing contracts to amend the scope with related price or delivery period;
- (e) Canceling of all or part of the contract

The procurement unit is responsible for the timely delivery/completion of goods, works and services and the Center's requisitioning unit will be responsible for managing the quality and technical performance of the contract. In case of large contracts, the functions of the contract administration may be designated to a project manager. In order to cover agreed new or revised terms and conditions, changes in price, description and scope of work, payment or other terms, specification and/or quantities to the original contract, a change order should be issued without delay

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## 7. PROCUREMENT DOCUMENTATION

### 7.1 Registration

The Center's procurement unit at Headquarters should maintain an electronic data base containing a list of firms, current and prospective research partners which are eligible to provide the Center with goods, works and various types of services. This should be supplemented, in the case of local providers, with a similar database the administrative unit of the Center's regional and other remote offices. For that purpose, the procurement unit should develop a registration form which should be completed by firms interested in providing goods, works and services to Center and submitted together with supporting documentation back to the procurement unit. The firm's eligibility should be based on a variety of factors, including size, financial capability, technical capacity and capability, past performance, ability to provide service organization. This form should be a diagnostic tool to assist Center in determining appropriateness of firms for specific goods, works and services. The following criteria may be considered for eligibility to accept registration in the database:

- (a) The firm/partner should normally be incorporated or registered as a company and be able to demonstrate that it has been and is offering goods, works or services under the business name.
- (b) The firm/partner should legally be able to conduct business in the country for which it is registered.
- (c) The firm/partner should have operated with a positive operating income for the last two years and must provide audited financial statements and reports for that period.
- (d) Financial ratios of the firm /partner should demonstrate a sound financial standing of firm.
- (e) The firm/partner must provide references for goods, work and services which have been performed within the last two years (Reference checks may be conducted by the procurement unit and responses evaluated accordingly).
- (f) The firm/partner must meet the eligibility criteria mentioned in Para 2.4.
- (g) The firm/partner should have clients with no more than 50 percent of its total revenue from one single client.

The registration of firms should be available through internet to the business community on the Center's website or United Nations Global Market Place ([ungm.org](http://ungm.org)). There should not be any restrictions in the submission of a registration form by firm. A registered firm should be encouraged to update its information with Center. A review should be undertaken by the procurement unit periodically and a firm/partner which does not comply with updating requirements should be ineligible upon advice by Center's procurement committee, to contract for goods, works and services with Center.

### 7.2 Pre-Qualification/Pre-Selection

Centers should prepare a pre-qualification document when procuring complex and specialized services, goods and works. The document should provide a clear basis upon

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which prospective firms should be evaluated, following an objective process based on fair and transparent criteria. The documentation sought should be relevant and not impose an excessive burden of preparation in order to deter the firms. The criteria drawn for the pre-qualification or pre-selection should be in accordance with the realistic needs of the contract and should be sufficiently stringent to assure that only properly qualified firms are included in the final list. Excessively soft criteria would reflect in inclusion of unsuitably qualified firms and thus to not qualified bids. Centers should be able to verify the information provided by the firms and retain the right to solicit information from past clients and financial institutions. The evaluation of pre-qualification and pre-selection of firms should precede the issue of solicitation package. Procedures such as the “two-envelope system”, in which the pre-qualification application and bid are submitted at the same time, in different envelopes – should be avoided. For pre-qualification or pre-selection purposes, the capabilities of sub-contractors are not taken into consideration together with those of the interested firms.

The guidelines encourage the formation of joint ventures of firms from the same or different countries. Therefore, the pre-qualification document should not include any conditions which make such joint ventures mandatory. The pre-qualification document must set out clearly the conditions applied to such joint ventures, whether existing or proposed. Each party of the joint venture must submit the complete documentation required from an individual firm applying for pre-qualification. Partners of joint venture must confirm that, if pre-qualified, the joint venture bid will be submitted with a formal joint venture agreement and that all parties to that agreement shall be legally bound jointly and severally for the bid and any consequent contract. Also, the joint venture should designate a lead partner and an individual with overall responsibility for the joint pre-qualification. A firm may apply for pre-qualification both individually and as part of a joint venture. However, it will not be permitted to bid for the same contract as an individual firm and as part of a joint venture. All bids of such firm shall be rejected. Formation or regrouping of joint ventures after pre-qualification will only be considered at the discretion of Center. However, such new formations should not result in a substantial reduction in competition.

For a potential pre-qualification, only such criteria should be considered which shall be essential for Centers to determine the firm’s capabilities to perform the contract satisfactorily. The following are the main criteria that may be considered for pre-qualification or pre-selection:

- (a) Technical Experience: The firm’s capabilities should be related to the nature, size, value and complexity of goods, works and services to be procured. Minimum experience requirements should be stipulated as an average value of contracts carried out over the past three years.
- (b) Financial Position: The firms should normally meet requirements on minimum average turn-over for the past three years supported by audited annual financial statement; and minimum cash flow for a specified period in order to implement the contract satisfactorily.

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- (c) **Personnel Capabilities:** The managerial and technical competence of firm's staff is crucial for many types of contracts, especially for consulting services. Requirements on staff capabilities should be related only to key personnel of firm. The firm should be asked to demonstrate having key staff with extensive experience limited to those possessing critical skills for key positions. Firms should normally be required to name a principal and an alternate for each key position. Criteria should be based on minimum number of years of experience at a similar position; and a minimum number of years of experience on similar contracts. For certain executive and managerial positions, the firm may be asked to provide personnel with sufficient management skills or position with the firm.
  - (d) **Resources and Facilities:** In case of requirement for some specialized resources and facilities for some goods, works and services contracts, the firm should be asked to provide evidence of possessing such resources and facilities in case of contract award to the firm.
  - (e) **Litigation History:** Centers should be careful with regard to firms who resort to excessive claims and litigation as a means to increase benefits after an award of contract. Firms with a consistent and significant history of excessive contract disputes resulting in awards or decisions against them should not be qualified to bid. Firms should be required to list all contracts over the last three years that resulted in litigation proceedings with an indication of the months and amounts in dispute. The criteria for rejection of pre-qualification should be one of numerous arbitral awards or court decision against the firm.

Because circumstances may change in the period between pre-qualification and award of contract, the award should be given only to firms who continue to meet the requirements of pre-qualification. The bidding documents should specify which specific items of information submitted for the pre-qualifications should be updated. Invitation for solicitation should be issued only to pre-qualified firm. In case of selection for consulting services, the invitation should be sent to at least three best qualified firms.

### 7.3 Bidding Documents

The economy and efficiency of procurement depends largely on the clarity and completeness of the bidding documents which should be prepared by the procurement unit. The aim of bidding documents is to inform and instruct potential bidders, suppliers, contractors and consultants of the requirement expected of them in particular procurement opportunities. The contents of the bidding documents may vary with the size and nature of proposed procurement package, however, the bidding documents should comprise essentially of the following components:

- (a) **Letter of Invitation:** This letter should invite potential firms to present their bids and indicates the goods, works and services to be procured.
- (b) **Instruction to Firms:** This section should provide information to firms regarding the form, procedures and timing of bidding. It specifies the parameters of the instructions for the particular procurement. This includes: procedure for clarification, language of bids, form and copies of submission, pricing and currency provisions, securities required, submission and opening of bids,

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- evaluation and award criteria, notification of award and signing of contract. Annex 7 provides description of some salient features of these instructions.
- (c) Conditions of Contract: This section should include the rights and obligation of parties involved in the contractual agreement. The conditions should be such so as to obtain the most economical price and efficient execution of the contract. It should include: scope of goods, works or services to be preformed; requirements relating to guarantees, indemnities and insurance; penalties and damages; terms and schedule of deliveries and payments; price adjustments; termination and cancellation provisions; applicable law; performance guarantees; conflict of interest and ethics requirements; resolution of disputes; administration of contract; and other particular conditions applicable for the contract in procurement. Description of some important requirements is listed in Annex 7.
  - (d) Specification, Scope of Work or Terms of Reference: Precise and clear specifications are perquisite for bidders to respond realistically and competitively to the requirements of Centers without conditioning of bids. Therefore, this section should define in sufficient details the technical characteristics and specification of goods required, including their functions, standards and norms, installation, commissioning and performance requirements; and functional guarantees with liquidated damages to be applied. For works, the section should define the scope of works, technologies to be employed, tests and inspections, drawings and standards. For consulting services, the terms of reference should define the scope of assignment and provide background information, transfer of knowledge or training if necessary, requirements on staff and their technical expertise. The terms of reference should focus on the outputs desired and not describe exactly how the assignment will be conducted.
  - (e) Schedules and Form: This section should include the output with deliveries, price schedules, security forms and other submission sheets so as to enable the firms to complete information in the bid.

#### 7.4 Contract Formats

All procurements should be executed in form of purchase orders or contracts. The purchase orders should be issued subject to each Center's standard terms and conditions. Centers should develop standard contract templates, cleared by their legal advisors. In exceptional circumstances special types of purchase orders may be used. Special contract format shall be used for contracts for goods and works for consulting services above specific dollar thresholds as determined appropriate in each Center.

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## **8. MONITORING, CONTROL AND ACCOUTABILITY ASSESEMENT**

### 8.1 Monitoring Mechanism

Monitoring is an assessment of procurement execution by the procurement unit in relation to agreed schedules and delivery of the procured goods, works and services. It is an integral part of good procurement management. Centers should install a monitoring and procurement management information system. Its main objective would be to provide continuous feedback on procurement status and to identify actual or potential problems as early as possible to facilitate timely adjustments in the procurement process.

### 8.2 Post Review and Audit

The Center's procurement committee shall have the responsibility, as part of its oversight of procurement transactions, to verify compliance of the procurement procedures with the guidelines, identify inappropriate practices or questionable actions, review adequacy of contract administration and management, and identify improvements in the procurement process to address any deficiencies. This should be supplemented, from time to time, by independent procurement audits. These audits should be conducted by procurement experts either as part of, or supplementary to, the Center's internal and external audit coverage.

### 8.3 Accountability Assessment

The Procurement unit of each Center should prepare an annual report which includes statistics to enable the Center's management to evaluate their procurement operations. The statistics should include as a minimum:

- a. Total number of requisitions processed;
- b. Total number of solicitations made;
- c. Average number of bids received by solicitation;
- d. Number of protests;
- e. Total number of contracts signed;
- f. Number of contracts and their value according to all types of procurement method (direct contracting, competitive methods);
- g. Breakdown of types of goods, services, works and consulting services and aggregate dollar values;
- h. Number of contract and purchase order amendments;
- i. Description of ongoing contractual disputes;
- j. Number of contracts terminated;
- k. Cases of fraud, corruption;
- l. Disqualification of firms.

- 
- m. Findings and recommendations of procurement audits; and
  - n. Any other relevant aspects to enhance the quality of the procurement process

## **Responsibilities of Procurement Committee**

The procurement committee oversees the Center's procurement functions and activities on behalf of the Center's management. The objective is to advise the Center's Director General in ensuring that the Center is following the established procurement policies and procurement based on CGIAR guidelines.

The composition of the procurement committee shall depend upon the structural organization of Center. The committee may consist broadly of representatives of finance, administration, and research users, and the members and chair of the committee shall be appointed by the Director General. It shall meet on ad-hoc basis whenever a meeting is called either at discretion of the Chair or by the Head of Center's Procurement Unit.

The following are the main functions of a procurement committee:

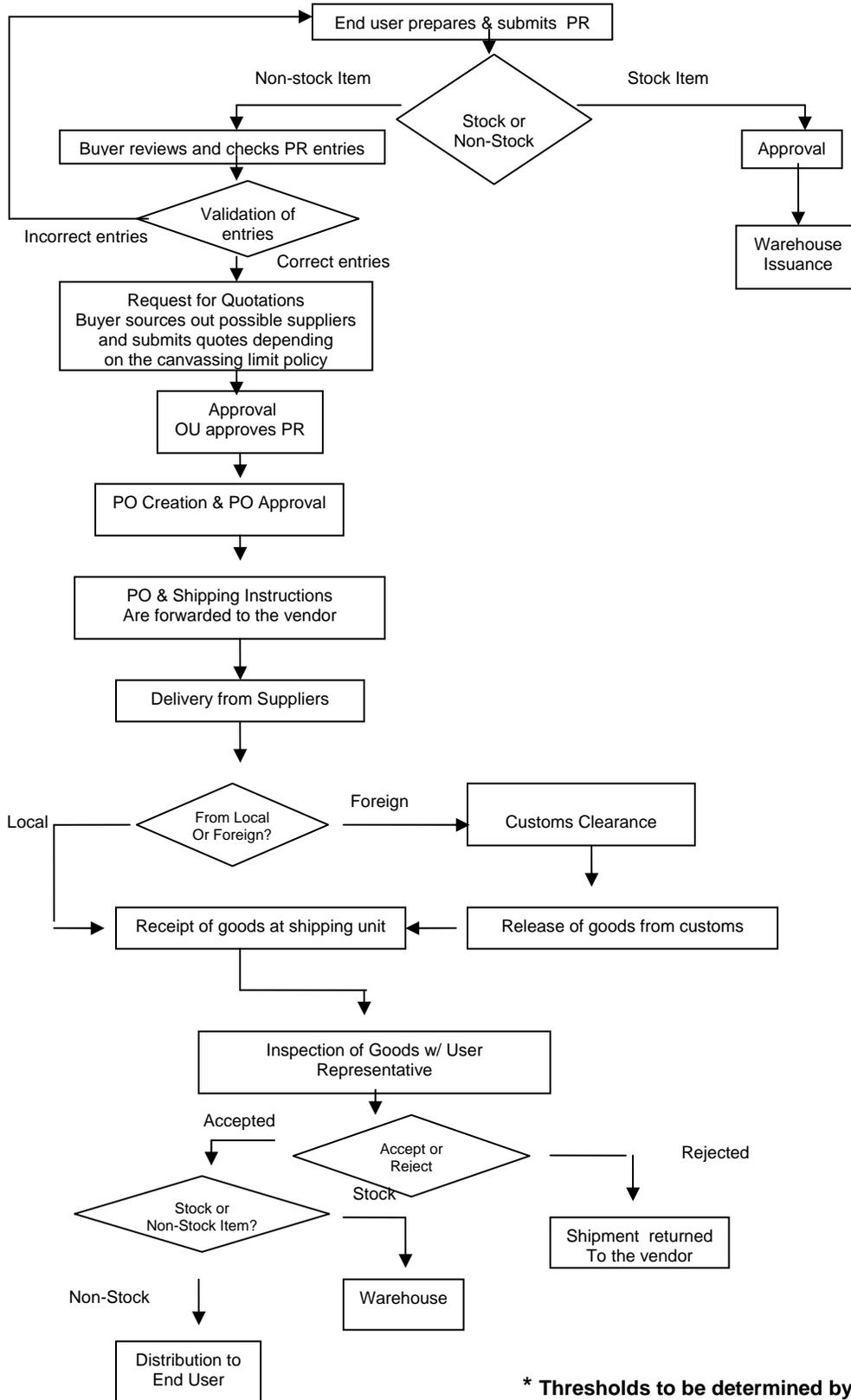
- (a) Approval of the Center overall procurement plan;
- (b) Decisions on eligibility of firms, in unclear situations, in the procurement process;
- (c) Approval of short-lists of participation of firms in case of restricted competition;
- (d) Approval of procurement requiring direct contracting outside the prescribed financial thresholds;
- (e) Approval of individual consultants, if designated by Center's Director General;
- (f) Award of contracts requiring exceptions to the Center's standard terms and conditions;
- (g) Cancellations of bidding processes;
- (h) Review of investigations relating to debarment of firms;
- (i) Consideration of protests and complaints; and
- (j) Oversight on compliance with procurement procedures and the guidelines through its transactional reviews, reviews of procurement annual reports and results of procurement audits in order to identify recommendations and actions for enhancement of procurement quality.

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Annex 2

Procurement Process Flow Chart

## SAMPLE Illustrative PROCUREMENT FLOW CHART \*



\* Thresholds to be determined by each Center

**Illustrative Financial Thresholds and Procurement Methods  
(to be determined by each Center)**

| <b>Financial Threshold<br/>(US Dollars)</b> | <b>Procurement Method</b> |
|---|---------------------------|
| <u>Goods/Works</u>                          |                           |
|   |                           |
| <u>Consulting Services</u>                  |                           |
|   |                           |

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Annex 4

**Indicative Threshold for Purchase\***

Parameters for developing financial thresholds

1. Thresholds should be based on a review of the center procurement statistics
2. Dollar thresholds and method of contracting should be aligned
3. Delegation of authority to budget holder must be in writing
4. Any direct contracting should be approved by a person of oversight above the procurement unit

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\* These financial thresholds and the related approval authority may be adjusted by Centers on basis of their organizational structure.

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Annex 5

**Procurement Steps for Open Competition**

Bidding for open competition is a formal competitive procurement procedure, by means of which bids to procure goods, works, or services are invited, received, opened and evaluated, and a contract is subsequently awarded to the best evaluated bid. This annex lists the steps required for the bidding process:

1. Advertisement for pre-qualification/pre-selection or invitation for bids.
2. Preparation of list of pre-qualified/pre-selected or interested firms.
3. Issuance of invitation for bids containing i) letter of invitation, ii) instructions to firms, and iii) draft contract.
4. Preparation and submission of bids.
5. Opening of bids (technical/financial – together for goods and works in one stage and sequential in two stages; and sequential for consulting services).
6. Evaluation of bids (technical/financial – together for goods and works in one stage and sequential in two stages, and sequential for consulting services).
7. Notification and award of contract.
8. Finalization and signing of contract.
9. Contract administration

## **Procurement Steps for Major Competitive Research Programs**

### **Pre-Selection Activities:**

Prior to conducting a selection process, the following steps are required:

#### **Procurement Planning:**

The research program should wherever possible establish a procurement plan defining, for all research to be contracted out, the nature and scope, selection method, schedule and budget, etc. as the basis for the annual work plan submitted for approval to the appropriate approval authority.

#### **Conflict of Interest**

Where, for example, a Challenge Program or other System-wide Program is managing competitive grant processes in which Program consortium members may participate, and in the event of an award of a contract to the lead institution where the project leader and key team members are located, the senior management team of this Center should exclude themselves of the approval process.

#### **Eligibility**

1. Any institution, including an institution represented in a Challenge Program (CP) or other System-wide program (SWP) in any capacity, can be awarded multiple contracts at one time; In the case of consortiums where an institution is represented in a CP or SWP, institutions may be awarded multiple contracts;
2. Any successive contracts cannot be awarded through direct contracting to the same institution unless the expertise required for the research is not available from other sources. If available from other sources, the institute can participate in a competitive process.

#### **Concept Note**

In the case of competitive grants selection, an invitation to submit Concept Notes (CN) or Expression of Interests will be published as widely as possible. This could include Development Business Online or [www.dgmarket.org](http://www.dgmarket.org), the Center or CP's web site, through appropriate list servers, and by other electronic or hard copy means. The objective of requesting CNs is to identify institutional capacity, including highly qualified and relevant team members for the specialized and innovative nature of research projects.

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The CN should also attempt to identify if team members have worked together previously, and to what extent.

The CN will request a brief description of the methodological approach to the scientific research proposed. This is to enable an initial assessment of the appropriateness of the team expertise, and the relevance of the methodology being proposed.

If the Center/CP is mandated to attract broad partnerships among scientists within and outside the CGIAR system, the CN should encourage teams that include NARES<sup>19</sup>, partners, CGIAR Centers, NGOs, CBOs, ARIs, and private institutions to provide optimal input to the research<sup>20</sup>. The nature of association will be a criterion for the selection of qualified CNs.

#### **Submission of CNs:**

Submissions will be requested in a format that is secure, and enables the subsequent external evaluation and panel recommendations to be formulated in an efficient manner. The format used will ensure that any access made by any parties before the due date of submissions, will not be possible.

#### **Evaluation of Responses to CN's:**

An evaluation of institutions and project personnel that have submitted their documentation according to the requirements in the CN is undertaken by external evaluators (to avoid any perception of conflict of interest) to list the qualified institutions and identify where the project leader, and the approach and methodology hold high potential for a successful and relevant project.

The evaluation process used, in order to establish the list of qualified institutions will be described. The evaluation may be conducted in person, or virtually using a format that is secure. The format used will ensure that any access made by any parties before the evaluation is approved will either not be possible, or be evident. Clarification can be sought by the Center or CP/SWP secretariat from members of the project team or other sources.

The external evaluators will present a report on the evaluation, with their recommendations, for finalization by the Center or CP/SWP Secretariat. The evaluation process results in a Qualified/Not Qualified set of recommendations. The Center or CP/SWP Secretariat will prepare a summary of recommendations for approval by the appropriate authority.

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<sup>19</sup> NARES: National Agricultural Research and Extension Systems. This includes public and private institutions with a mandate to provide research in generating technological, institutional and managerial innovation. It also includes public and private institutions involved in research on, and delivery of, outputs to end users – i.e. Extension agents and NGOs,

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### Preparation of Request for Proposals (RFP)

The Center/CP/SWP will prepare a solicitation document (RFP) as described in the provisions of article 7.3 that will include the submission, assessment and approval schedule and other background information describing the Center/CP/SWP's program and procedures. The solicitation document will describe the nature of research tasks to be undertaken, and shall include the desirable qualification and expertise of the project leader within the submitting institution; information on team member qualifications, expertise and role in the research proposed in the CN. Information requested will include submission of *curriculum vitae*<sup>21</sup> of the proposed project leader and other principal scientists on the proposed team.

### **Evaluation and Selection Methods<sup>22</sup>:**

The evaluation and selection of successful contractor will follow the outline selection under fixed budget unless it is in the interest of the Center/CP/SWP to use another method such as Quality Cost Based Selection. In all cases, the selection method will be described in the solicitation document:

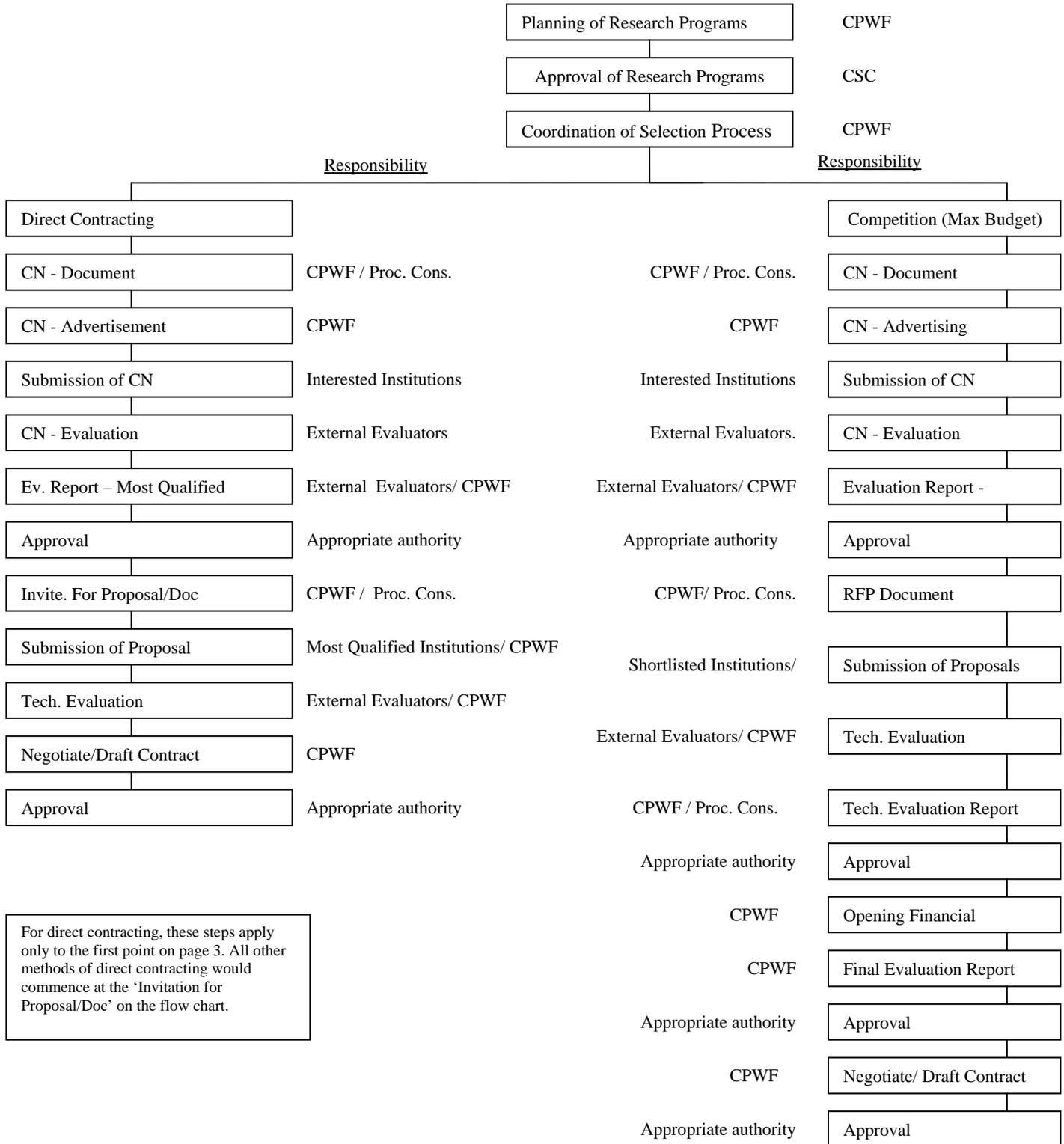
1. The CN evaluation report, recommending the final shortlist of qualified institutions, is submitted to the appropriate authority for ratification
2. The RFP shall indicate the available budget and request the consultants to provide their best technical and financial proposals in separate envelopes, within the budget. TOR should be particularly well prepared to make sure that the budget is sufficient for the consultants to perform the expected tasks. Evaluation of all technical proposals shall be carried out first as in the QCBS method described in article 5.5. The Consultant who has submitted the highest ranked technical proposal among the rest shall be selected and invited to negotiate a contract.
3. The final evaluation report is submitted by the Center or CP/SWP secretariat to the appropriate authority for approval.
4. Subsequent to the approval, the Center or CP/SWP secretariat invites the winning institutions for negotiations to finalize the contracts.
5. The negotiated draft contracts are signed by the appropriate authority
6. All other approved but unfunded proposals are retained until their validity date expires to enable donors to support further research on topics of interest that have proceeded through the assessment and approval process.

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<sup>21</sup> It can be useful to request that a one page CV be provided that is signed and dated specifically for the CN.

<sup>22</sup> Note that this section could be overridden by the special requirements of a donor. In which case, the procurement guidelines of the donor should be used.

## Procurement Flow Chart- Competitive Research Programs





## **Salient Features of Bidding Documents**

Bidding documents should contain provisions appropriate to give effect to the requirements of these guidelines. It is essential that the bidding documents provide all the information necessary for firms to prepare responsive bids. While the detail and complexity of these documents shall vary depending upon the kind of goods, works or services to be procured and the size of the contract, they may normally include the following:

### **Instructions to Firms**

#### *Issue of Documents*

At an appropriate time after the advertisement of the procurement, if necessary, the bidding documents should be issued to interested, pre-qualified, or selected firms. The bidding documents should be available at no cost to firms so as to encourage competition.

#### *Clarity of Documents*

The bidding documents should describe clearly and precisely the instruction to firms for preparation and submission of bids, evaluation criteria and process, technical specifications and scope of work, and terms and conditions of contractual agreement. Any additional information, clarification, modification or alteration of bidding documents should be provided, in writing, to all interested or solicited firms.

#### *Language*

The bidding documents should specify the language which shall be English, French or Spanish for procurements where method of international competition is adopted. For procurements under national competition, the bidding documents may, at the option of Center, be in the national language of the country where the Center is located.

#### *Validity of Bids and Extension of Validity*

Firms should be required to submit bids valid for a period specified in the bidding documents which should be sufficient to enable the Center to complete the examination, evaluation and other related activities so that the contract can be awarded within that period. Every effort should be made to complete the contract finalization before the expiration of bid validity. However, in exceptional circumstance, where an extension is considered necessary, all firms who submitted bids should be asked to extend their bid

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validity for a minimum period. Firms which are not willing to extend the validity of their bids, should not incur any disadvantage in the return of their securities.

### ***Pre-Bid Meeting***

The procurement unit may hold a preliminary meeting for procurements of goods, works or services, depending on the complexity of the requirement. The meeting is an open forum at which questions and comments from interested firms are entertained. Minutes of the meeting should be issued as an addendum to the bidding documents to all interested or selected firms, if necessary.

### ***Bid Security***

A bid security or other bidding guarantee may be required for procurements of goods and works where a reasonable protection may be required for Center against irresponsible bids. The amount of bid security should reflect Center's reasonable assessment of the amount of loss it will suffer in the event of bid withdrawal or the firm's refusal to sign the contract. Bid security or guarantee should be returned to the unsuccessful firm as soon as the successful bidder signs the contract. In case of extension of bid validity, the firms willing to extend the validity of their bids should be required to provide also an extension of bid security.

### ***Currency of Bid***

The currency or currencies, in which the bid price may be stated, should be indicated in the bidding documents. Normally, firms may be asked to state the bid price either in the firm's own country currency or in an international trading currency. A firm may be asked to express the bid price in not more than three foreign currencies where the firm expects to incur such expenditures. If contract expenditures are to be incurred in the national currency of Center, those expenditures should be expressed in that currency.

### ***Pricing and Price Adjustments***

Bids should be invited on basis of EXW for nationally supplied goods, works or services and CIF (port of destination) or CIP (place of destination) for all goods, works or services supplied from outside the country. Where inland transportation and insurance are required, the firm should be required to quote for these services additionally. Bidding documents should clearly indicate whether price adjustments are allowed. Price adjustment provisions are not necessary for contracts involving a delivery period of up to one year. However, for contracts with larger deliveries or duration, especially for civil works and technical services contracts, price adjustment provisions should be included. The adjustments should be made on the basis of a price adjustment formula or formulae.

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### ***Transportation and Insurance***

Transportation and insurance cost for the import of goods should be included in the price. It is encouraged to make use of Incoterms in procurement for supply of goods. The documents should state the types and terms of insurance to be provided by the bidder. The indemnity payable under transportation insurance should be at least 110 percent of the contract value. For works, contractor All Risk insurance should be specified.

### ***Payment Currency and Terms***

Payment of the contract price should be made in the currency or currencies in which the bid price was expressed in the bid of the successful bidder. Where the price is to be paid in currency (ies) other than the currency of the bid, the exchange risk should be borne by the firm. Payments should generally be in accordance with standard international commercial practices.

### ***Bid Submission and Extension***

The time allowed for preparation and submission of bids should depend to a large extent upon the magnitude and complexity of the procurement. For procurements under international competition, a minimum of four weeks from the date of invitation should be allowed. For procurements under national competition or international procurements of simple contracts, shorter periods may be provided. The deadline and place for receipt of bids should be specified in the bidding documents. Firms should be permitted to submit bids by mail or by hand. The deadline for submission of bids may be extended where an extension would result in greater competition or special circumstances warrant an extension.

### ***Bid Opening***

The time for bid opening should be the same as for the deadline for receipt of bids and, together with place of bid opening, should be specified in the bidding documents. Bids should be opened in public; the bidders or their representatives should be allowed to be present. The name of the firm, total amount of bid price, discounts if any, should be read aloud and recorded. In case of two-stage bidding process for goods and technical services, technical bids are opened first. After evaluation of technical bids, financial bids should be invited, based on revised technical requirements, from firms that have been found qualified in the first stage. The financial bids should be opened publicly. In case of consulting services, technical proposal should be opened first. After the evaluation of technical proposals and its approval process, the financial proposals should be opened publicly, as in case of goods and works, for those proposals which have secured the minimum qualifying scores. Bids delivered after the time stipulated, as well as those not opened and read out at bid opening, should not be considered.

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### ***Clarifications of Bids***

Firms should not be permitted to alter their bids after the deadline for receipt of bids. Center may ask firm for a clarification of its bid through written communication without changing the substance of the bid.

### ***Examination of Bids***

The evaluation team designated for procurement should ascertain whether the bids meet eligibility criteria, are legally signed, are accompanied by the required securities, and are substantially responsive to the commercial and technical requirements in the bidding documents. If a bid contains material deviations from or reservations to the terms, conditions, or specifications in the bidding documents, it shall not be considered qualified.

### ***Evaluation and Comparison of Bids***

Bids which conform substantially to commercial and technical requirements of the bidding documents for goods and works will be compared on the basis of evaluated costs and the bid with the lowest evaluated cost shall be selected for award. In order to select the lowest evaluated bid, the bidding documents should clearly establish the factors for evaluation. Apart from price, other relevant commercial and technical factors such as delivery period, terms of payment, internal transportation, guarantee requirements, efficiency of goods, availability of spare parts and after-sale service, and recurrent costs may be taken into account in determining the lowest evaluated cost. The factors should be specified in monetary terms or given relative weights in the evaluation provisions of the bidding documents. While comparing the cost, provisions for price adjustments, customs duties and import taxes on the goods shall be excluded.

Under works contracts, contractors are responsible for all duties, taxes and other levies, thus the comparison of cost shall take these factors into account. For consulting services, the bidding document shall describe the evaluation process in two stages (Section 4.3).

### ***Award of Contract***

The award of contract should be made to the firm whose bid has been determined to be the lowest evaluated responsive bid and which meets the qualification criteria of technical capability and financial responsibility.

### ***Rejection of Bids***

Bidding documents should provide that Center may reject all bids. However, such rejection is justified when the bids are not substantially responsive or where there is evidence of lack of competition.

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### ***Protests***

The bidding documents should indicate the proper forum for due process to take place, to resolve protests or complaints that may arise up to the time the contract is signed by the successful firm and submitted within a specified time.

### ***Conditions of Contract***

The contract should be drawn up with the objective of equitably providing the obligations and risks related to the procurement so as to obtain the most economical price and efficient execution of procurement. Following are some frequent clauses for inclusion:

### ***Performance Security***

Bidding documents for goods and work should require security in an amount sufficient to protect Center in case of breach of contract. The amount of the security will depend upon the type and magnitude of the contract; normally five to ten percent of the contract value is deemed adequate to protect the Center. In addition, retention money to ensure compliance by the contractor of its warranty or maintenance obligations may be required. Such retention will be withheld until the expiration of warranty or maintenance period.

### ***Liquidated Damages***

Provisions for liquidated damages in an appropriate amount (normally 10 percent of the contract value) should be included in the contract to provide compensation to Center when delays in delivery of goods or completion of works would result in extra cost to Center. In case of consulting services, the liability shall be governed by the applicable law. In no case, the liability is limited to less than the total payments expected under the contract.

### ***Force Majeure***

The conditions of contract should stipulate that failure on the part of the parties to perform any of their obligations under the contract would not be considered a default if such failure is due to force majeure as defined in the contract.

### ***Payments and Price Adjustment Mechanism***

The conditions of contract should include terms and conditions for payments including advance, progress and final payment together with the conditions for such payments. The contract provisions shall indicate, if required, as to how prices and payments shall be adjusted in the event changes occur in the major cost components of the contract.

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### ***Termination of Contract***

The conditions of contract should include events under which the contract can be suspended or terminated by the parties either because of lack of performance under contract or for convenience of Center. In such events, the contract shall include provisions for any payments arising out of termination.

### ***Applicable Law***

The conditions of contract should include provisions dealing with the applicable law. The Center may supplement formal contractual requirement covered by national legislation and not included in the contract, provided its application does not contradict the main principles of economy and efficiency, or the basic principle of publicity, equality, competition and due process.

### ***Settlement of Disputes***

The conditions of contract should contain provisions dealing with the forum for the settlement of disputes. It is normally advantageous to consider international commercial arbitration which has certain practical advantages over judicial litigation. These include mediation, use of dispute resolution body, and arbitration.

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Annex 8

**Procurement Unit Annual Key Performance Indicators**

- Number of requisitions vs. number of contracts
- Throughput time: time required to process requisition until a contract or purchase order is issued
- Percentage of contracts awarded as a result of competition
- Ratio of contract and purchase order amendments vs. original contract and purchase orders
- Percentage of contracts awarded through direct contracting
  - Breakdown of direct contracts awarded for each reason described in section 4.6
- Number of protests
- Number of contract disputes
- Number of contracts terminated vs. contracts
- Number of procurement staff and qualifications
- Average number of procurement documents processed by procurement professional category
- Procurement training offered to staff

Annex 9

## Glossary of Terms

|  |   |
|--|---|
| Award of Contract                      | The notification by Center to a qualified firm that is determined to be substantial responsive to the solicitation package and is of lowest evaluated cost.   |
| Bid                                    | A written response by a firm to an invitation to bid for goods or works   |
| Bid Security                           | A guarantee of payment by a firm in favor of Center for maintenance of bid to remain effective for a specific period.   |
| Bidder                                 | A firm or entity that submits a bid or proposal.  |
| Bidding                                | Formal procurement process, through which bids or proposals are requested, received and evaluated for procurement of goods, works and services.   |
| Center                                 | An institute of the Consultative Group on International Agricultural Research (CGIAR).  |
| Change Order<br>/Contract Modification | Amendments made to purchase order or contract.  |
| Concept Note                           | Expression of Interests ;notice published on web sites and publications to invite interested firms to apply for a bidding exercise; Concept Notes are used when research is financed under competitive Grants |
| Clearance Group                        | Units designated in Center as responsible for clearing procurement requirements of certain specialized categories of goods or services.   |
| Consulting Services                    | Services of intellectual and advisory nature from consulting firm to provide support in the administrative and operational areas of Centers.  |
| Contract                               | An agreement that describes a consensual relationship between Center and a firm based on willingness of parties to be bound by its terms and conditions   |
| Evaluation Team                        | A working group responsible for technical, operational and evaluation criteria included in a solicitation and for reviewing and evaluating the bids or proposals in accordance with the                       |

|                                 |   |
|---------------------------------|---|
|                                 | solicitation package.   |
| Goods                           | Equipment, machinery, parts, supplies and other materials which a firm is required to supply to Center under contract.  |
| Invitation for Bid              | A written solicitation asking firms for bids for goods or works.  |
| Lowest Evaluated Bid            | A bid which is substantially responsive to commercial and technical aspects in the solicitation package and determined to be lowest in the cost comparison based on evaluation factors.   |
| Pre-Bid/Proposal Meeting        | An open meeting held by Center as a forum for clarification of questions from firms concerning solicitation.  |
| Pre-Qualification/Pre-Selection | A step in the bidding process in which Center selects the firms, based on capability of the firms, to which invitation to bid or request for proposal will later be issued.   |
| Procurement Committee           | A committee of Center comprised of representatives from the various Center units and may include representative from operating, finance and procurement/administration units, which is assisting the Director General of Center in ensuring that the established procurement policies and procedures in the guidelines are adhered to and result in the proper award. |
| Project Manager                 | A Center staff appointed as being responsible for monitoring procurement process for large contracts.   |
| Procurement Officer             | Staff member of Center’s procurement unit responsible for procurement.  |
| Procurement Report              | A report detailing the year’s procurement activities of Center.   |
| Procurement Package             | Identified items of homogeneity procured together through a single procurement process.   |
| Procurement Plan                | List of prospective requirements defining cost, method and schedule of goods, works and services packages.  |
| Procurement Unit                | A unit of Center responsible for conducting different activities for the procurement process.   |
| Proposal                        | A written response by a firm to a request for proposal for consulting services.   |
| Protest/Complaint               | Any objection or other manifestation of disagreement presented  |

|  |   |
|--|---|
|  | in writing by a firm during any phase of the procurement process.   |
| Purchase Order                         | A document describing goods or services to be procured and refers to Center’s terms and conditions for the commitment.  |
| Quotation                              | A written form of selected bidding for an invitation to quote for goods or works of relatively small value.   |
| Registration                           | A process under which firms desiring to participate in the bidding process for goods, works and services must be listed with Center along with firms’ technical, financial and other data.  |
| Registration Form                      | Form containing business information of a firm to form basis for eligibility of the firm to provide Center with goods, works and services.  |
| Request for Proposal                   | A written solicitation asking firms for proposal for consulting services.   |
| Requisition                            | A request by Center’s unit for procurement of goods works or services.  |
| Services                               | Activities ancillary to the supply of goods, such as transportation, insurance, installation, commissioning or of technical nature with discreet physical outputs. For example, travel services, security, janitorial services.         |
| Solicitation Package/Bidding Documents | This constitutes a set of documents prepared by procurement unit, in coordination with other units, of Center containing instructions to firms, draft contractual agreement and other related documents for inviting bids or proposals. |
| Technical Services                     | Services from firms that are procured on basis of performance of measurable physical output.  |
| Works                                  | Total scope of work involvement in a construction or civil rehabilitation contract.   |