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Contact

African Union Commission
Roosevelt Street, W21K19;
P.O. Box 3243
Addis Ababa, Ethiopia

Rashid Ali ABDALLAH
GRMF Project Manager
Infrastructure & Energy Department
Phone: +251 11 518 2432
E-mail: grmf@africa-union.org
E-mail 2: grmf@roedl.com
Internet: www.grmf-eastafrika.org

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1 PREAMBLE

These Procurement Guidelines are intended for use by developers awarded financial grants by the AUC for implementing activities under the Geothermal Risk Mitigation Facility (GRMF) programme.

2 PRINCIPLES OF PROCUREMENT AND ETHICS

2.1 Procurement Principles and Criteria

These Procurement Guidelines incorporate policy provisions and procedures to promote transparency, accountability and ethics in the operation, management and reporting of procurement. All Developers awarded AUC grants are required to consistently apply these policies and procedures, together with professional judgement and good management and to ensure that procurements carried out in association with GRMF are done so in a transparent, efficient and fair manner.

2.2 Transparency

The procurement system must ensure both transparency and value for money in the procurement of goods, services and works. The procurement guidelines are designed to facilitate the procurement of goods, works and services of the right quality, at the right price, at the right time and at the right place through competitive bidding processes.

The AUC is entrusted with AU Member States and donor funds to provide services and support to the AU policies and programmes. The use of funds for procurement must be conducted in a transparent and open manner, allowing both stakeholders and the general public access to information on procurement actions by the AUC, as well as providing a means to control and audit all procurement activities.

2.3 Ethical Principles

The recipient of public funds from the AUC shall not use his or her authority or office for undue personal gain. Personal gain includes accepting or requesting anything of material value from bidders, prospective bidders or suppliers of goods and services.

2.4 Eligible Bidders

Bidders for any types of procurements of goods and services can under no circumstances be entities or individuals barred from participating in European Union or AU public procurements; or have its origin in countries that have been blacklisted or sanctioned by the United Nations Security Council, the EU or the AU.

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3 **PROCUREMENT IN GENERAL**

This manual relates to the main procedures for procurement of Consultancy services, goods, non-consultancy Services, Works and Training.

Whenever, the above categories are mentioned in this manual they should be construed as follows:

3.1 **Consultancy services**

Consultancy services are activities of an intellectual and advisory nature that do not lead to a measurable physical output and includes design, supervision, training, advisory, auditing, software development and similar services.

3.2 **Goods**

Goods mean raw materials, products, equipment and other physical objects of every kind and description, whether in solid, liquid or gaseous form, electricity, intangible asset and intellectual property as well as services incidental to the supply of the goods provided that the value of the services does not exceed the value of the goods themselves.

3.3 **Non-Consultancy Services**

Non-Consultancy Services are any object of procurement other than goods, works and consultancy services. Normally such services do not involve intellectual and advisory inputs.

3.4 **Works**

Works means:

- i. All works associated with the construction, reconstruction, demolition, repair or renovation of a building, structure, road or airfield;
- ii. Any other civil works, such as site preparation, excavation erection, building, installation of equipment or materials, decoration and finishing;
and
- iii. Service which is tendered and contracted on the basis of performance of a measureable physical output such as drilling, mapping, satellite photography or seismic investigations.

Contracts which include the provision of works and services shall be regarded as works contracts if the total value of the works is greater than the value of the services covered by the contract.

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4 INELIGIBLE EXPENDITURE

The following expenditure is ineligible expenditure and cannot be financed from the investment grant: Taxes, duties, customs as well as depreciable assets. For further information please refer to the developer manual.

5 METHODS OF PROCUREMENT

Which of these methods of procurement are applicable depends on the value of the procurement and on the availability of the requested services and/or equipment as specified in sub-chapters.

5.1 International Competitive Bidding

International Competitive Bidding by public advertisement is the preferred method of GRMF procurement. Public advertisement has to be made by international online tender publication.

The procedure for procuring consulting services usually comprises an international, public and unrestricted invitation to tender conducted in two stages, namely prequalification and competitive tendering. In the first stage of the procedure the general suitability of the bidders is examined; in the second stage a competition among the prequalified bidders is held to select the bidder who has submitted the best bid in terms of the quality of services offered and the price for those services. The deadlines for preparation of the prequalification documents and for preparation of the bids must take due account of the particular circumstances of the project, its size and complexity, and ensure sufficient and transparent competition. Deadlines shall be at least 30 calendar days for prequalification procedures and 45 calendar days for bids.

The procedure for procuring goods, works and non-consultancy services is usually carried out as an international, public and unrestricted invitation to tender as post-qualification.

The Beneficiary shall request a determination of No Objection from the Contracting Authority, using the model in Annex VI of the Grant Contract, before entering into any sub-contract which is above US\$ 1,000,000 for works, US\$ 700,000 for goods and US\$ 300,000 for Consultancy Services. This determination shall be made within 21 days unless it is referred to the Oversight Committee for approval.

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5.2 National Competitive Bidding

A publication of the invitation to tender that is confined to the partner country is possible below the threshold.

In case of national publication of the invitation to tender, international bidders may not be prevented from participating in or be excluded from the procedure. The provisions governing international invitations to tender apply analogously in regard to the difference between procurement consultancy services or goods, works, non-consultancy services.

5.3 Request for Quotations

Depending on the value of the bid, offers may instead be solicited from at least three qualified bidders. Only qualified bidders may be requested to submit offers. To this end, the Contracting Authority will assemble a list of the proposed bidders from whom offers will be solicited plus a cost estimate. If the general suitability of all proposed bidders has been sufficiently demonstrated or is sufficiently known to the Contracting Authority (background experience, human resources, financial resources and expertise in relation to the subject of the contract), no detailed examination of their suitability need be carried out in the course of obtaining the offers. Where insufficient information is available, this must be obtained from all bidders together with the offers solicited. The deadline for submission of offers may be reduced appropriately, but as a rule should be no less than 20 calendar days.

5.4 Single Source Procurement

With direct award only one offer is obtained, and the contract is awarded without a competitive procedure. Direct award is possible only for bids below the indicated threshold.

In cases of direct award the Beneficiary will always verify the appropriateness of the technical proposal and price quotation, and any other components of the offer. The outcome of this verification procedure must be documented in writing for an eventual check by the external auditor of the GRMF.

6 PREPARATION OF THE PROCUREMENT PLAN

The procurement is guided by the procurement plan (PP) which clearly states the contemplated procurement method for each contract. The PP will be prepared based on Work Plan activities in the format provided in the Annex (Annex to be inserted). Based on international accepted principles and rules governing public procurements, developers will take into consideration the following:

- a) Value for Money
- b) Transparency, integrity, accountability and fairness is observed
- c) Competitive advantage is attained
- d) Laws, rules and regulations

The method of procurement/selection which can / must be employed for each package will depend on the contract limits attached to each method as indicated in tables below. In case different methods are possible, the Beneficiary should provide an explanation for the proposed method.

7 THRESHOLDS DETERMINING THE PROCUREMENT METHOD

Table 1.1:

Limits of procurement methods under GRMF Financing – Goods, Non-Consultancy Services and Works

No	Method of Tendering	Goods	Works
1	International Competitive Bidding (ICB)	> 700.000 USD	> 1.000.000 USD
2	National Competitive Bidding (NCB)	Up to 700.000 USD	Up to 1.000.000
3	Request for Quotation (min 3 quotations)	Up to 500.000 USD	Up to 700.000 USD
4	Single Source Procurement	Up to 100.000 USD	Up to 100.000 USD

Table 1.2:

Limits of procurement methods under GRMF Financing – Consultancy Services

No	Method of Tendering	Consultancy Services
1	International Competitive Bidding (ICB)	> 300.000 USD
2	Request for Quotation (min. 3 invitation to bid to 3 potential bidders)	Up to 300.000 USD
3	Single Source Selection	Up to 100.000

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8 APPROVAL OF PROCUREMENT PLAN

The procurement plan has to be provided together with the full application for investment grant using the model in Annex 1. The Annual Procurement Plan should clearly outline the foreseen procurement method and the justification for the respective methods and will be approved by the Contracting Authority.

The procurement plan needs to show the anticipated services to be contracted, including information on the estimated contract value and scheduled procurement method. The procurement plan needs to be updated through complete project implementation.

9 ANNOUNCEMENT OF BIDDING DOCUMENTS

For any competitive bidding procedures, the Developer needs to arrange for publication of the advertisement, issue of the invitation to short-listed bidders or issue of Request for Quotation to known suppliers. The bidding documents for Open Tendering must be issued to all bidders simultaneously. In general, the procedure for issue of Requests for Quotations to bidders shall follow the same principles. The Developer shall ensure that full records are maintained and updated and that copies of all relevant documents are retained for reference.

10 BID EVALUATION AND SUPPLIER SELECTION

Bids should be evaluated based on technical quality and, where applicable, bid value on monetary terms. For competitive procurements, objective methodologies to assess bid quality shall be established before bidding documents are released. For open/public procurements, the Developer should inform all bidders about the out-come of the procurement process.

11 RECORD KEEPING

All Developers, which are recipients of AUC grants under the GRMF programme, must ensure adequate keeping of financial records of all goods and services procured during the contract period to allow verification of cost claims. Developers have to keep a full written record of the awarding procedures for at least ten (10) years, and have to allow the AUC and auditors assigned by the AUC at any time full access to any and all documents and records of the awarding procedure.

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12 **ANNEX 1: PROCUREMENT PLAN TEMPLATE**

For the latest version please refer to the GRMF website at <http://www.grmf-eastafrika.org/application/grmf-docs>.